WSHFC RFP No. 202606HOMS August 2026 – Questions and Answers

Question 1:	Is the completed Diverse Inclusion Plan considered part of the 25 page limit?
Response 1:	The Completion of Form Exhibit B is part of the 25 pages. Please refer to the Request for Proposal and make the appropriate determination.
Question 2:	Is there a preference to the format for pricing and costs? a. We can do a simple service fee that would encompass all aspects, or b. We can provide a detailed, per item, cost for all aspects c. We can provide both as an option to be selected
Response 2:	Please refer to the Request for Proposal and make the appropriate determination.
Question 3:	Is the pricing to be provided with WSHFC responsible for all advances? Or, the master servicer responsible for all advances?
Response 3:	Please refer to the Request for Proposal and make the appropriate determination.
Question 4:	Can you confirm you want us to provide one # in bps for the servicer piece PLUS a SRP grid for the Acquisition and Sales Price on 1st liens. (sections 2.06 and 4.04 and 4.2)
Response 4:	The references contained in question 4 appear to be regarding items in Exhibit D – Sample Contract. Because that is a sample contract provided for reference purposes we will not be addressing this question at this time.
Question 5:	Can you confirm the intended structure of the down payment assistance structure? Will the Home Advantage be 30-year due on sale and the House Key a 5-year forgivable? Or is there a combination of the two for each program?
Response 5:	Program manuals with the terms for our downpayment assistance programs are available on our website www.heretohome.org.
Question 6:	Are there size limitations to the size of an email? What is the largest size email that can be sent as a response to the RFP
Response 6:	The Commission's system is set to a maximum of 35 MB. The Commission will allow a submission to be in multiple emails if the size limit makes it unable to submit a single response. However, the Commission encourages all applicants to use the resources available to minimize the size of the attachments.

WASHINGTON STATE
HOUSING FINANCE
COMMISSION

Opening doors to a better life

Pre-Bid Conference

Single Family Master Servicer and Sub-Servicer

RFP No. WSHFC 202606HOMS

Tuesday, July 28, 2026 – 10:00 am

Please Wait. The Pre-Bid Conference will Begin Shortly

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AGENDA

- Introductions
- Pre-Bid Administration
- Disclaimer
- Questions
- Conclusion

WASHINGTON STATE
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INTRODUCTIONS

- Please enter your name and firm name in the comments

- Rich Zwicker, RFP Coordinator
- Lisa DeBrock, Homeownership Division Director

Washington State Housing Finance Commission

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PRE-BID ADMINISTRATION

WEBS - Interested bidders need to sign up on WEBS to make sure that they receive information, including potential procurement changes.
Copy of Pre-Bid slides will be posted in WEBS.

Interested parties should email:
rich.zwicker@wshfc.org

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DISCLAIMER

Bidders should <u>only</u> rely on written postings and amendments issued via WEBS. All other communications will be considered unofficial and non-binding on the Washington State Housing Finance Commission.

Should bidders rely on any other communication, they do so at their own risk and expense.

SINGLE FAMILY MASTER SERVICER AND SUB-SERVICER

WASHINGTON STATE HOUSING FINANCE COMMISSION

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PROCUREMENT SCOPE

The Washington State Housing Finance Commission (the “Commission”) is requesting proposals from highly professional, cooperative and responsive entities to serve as both a master loan servicer and sub-servicer with a successful secondary market and efficient conduit operation enabling continued growth of the Commission’s Programs and increasing access to homeownership for low- to moderate-income families. The Commission reserves the right to determine how to divide its portfolio in the event we select multiple loan servicers. The Servicer(s) selected will be an active member of the finance team and a partner with the Commission and participating lenders to deliver creative and successful affordable housing products to meet the housing finance needs of the residents of Washington State.

WASHINGTON STATE HOUSING FINANCE COMMISSION

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RFP Schedule

Issue Request for Proposals	July of 2026
Pre-Bid Conference	Tuesday, July 28 2026 at 10:00 am Pacific Time
Deadline to Submit Questions for Q&A	Thursday, July 30, 2026 2:00 pm Pacific Time
Answers to Q&A posted on website (no questions will be answered prior to this date)	Friday, August 7, 2026
Proposals due	Wednesday, August 26, 2026 at 2:00 pm Pacific Time
Evaluate proposals	Week of August 31, 2026
Conduct Interviews with finalists, if needed	Week of September 7, 2026
Announce "Apparent Successful Contractor(s)" and send notification via e-mail to unsuccessful proposers	When an Apparent Successful Contractor is determined
Deadline to request debriefing conferences (if requested)	Third business day following the transmittal of the Unsuccessful Contractor Notification
Debriefing conference, if requested	Within 3 business days of request
Negotiate contract	September/October 2026
Begin contract work	January 2027

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RFP Sections

Section 1 - Introduction
Section 2 – General Information
Section 3 – Proposal Content
Section 4 – Evaluation and Contract Award
Section 5 - Exhibits

WASHINGTON STATE HOUSING FINANCE COMMISSION

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Evaluation

The Commission may award a contract to the interested bidder(s) whose proposal is most advantageous to the Commission and, in the Commission's opinion, to the Participating Lenders and prospective homebuyers under the Commission's homeownership programs. The Commission reserves the right to award a contract to the interested bidder(s) who will best meet the requirements of this RFP, and not necessarily to the interested bidder(s) with the best priced bid. Principal considerations will be:

1. The amount of the bid, in the form of a percentage of outstanding principal amount of each loan. The bid should also include proposed charges for non-performing loans, including various stages of non-performance up to and including foreclosure.

Evaluation (Cont.)

2. Prior experience with wholesale, correspondent and retail mortgage loan origination, servicing and securitization (including experience with VA-guaranteed, FHA-insured, Native American section 184 insured loans and RHS-guaranteed mortgage loans, Ginnie Mae and Fannie Mae pools, and Freddie Mac PCs).

3. Evidence of prompt loan packaging and pooling of loans and the willingness to perform multiple pooling deliveries every month.

4. Evidence of prompt loan packaging and sale of certificates to bond trustee to meet bond issue requirements.

Evaluation (Cont.)

5. Evidence of prompt loan boarding to service loans after purchase from participating lenders.

6. Ability to warehouse mortgage loans.

7. Prior experience administering single-family programs including tax-exempt mortgage revenue housing bond and daily priced programs or similar state or municipal housing finance agency programs.

8. The experience and background of staff assigned to the Commission and previous successful experience with programs offered by the Commission.

WASHINGTON STATE HOUSING FINANCE COMMISSION
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Evaluation (Cont.)

9. Financial soundness of the interested bidder(s).

10. Prior experience with creating underwriting documents, manuals, training materials and conducting training sessions.

11. Experience Master Servicing/Sub-servicing, managing and reporting delinquency, foreclosure, loss mitigation, loan modifications for re-pooling or portfolio, forbearance, real estate owned, and foreclosure activity, including investor and MI claims management.

12. Demonstrated strong quality control program documenting meaningful audits that meet investor requirements and identify loan origination strengths and weaknesses.

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Evaluation (Cont.)

13. Ability to meet the Commission's second mortgage servicing and reporting requirements.

14. The brevity, clarity and responsiveness of the proposal to the identified needs of the Commission.

15. The acceptability and flexibility of the computer services and data sharing offered by the bidder(s).

16. The ability to meet the electronic reporting requirements of the Commission in a timely and responsible manner.

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QUESTIONS ON PROCUREMENT PROCESS?

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HOW TO SUBMIT A BID

- Review all solicitation and contract terms
- Submit a bid before the due date and time: **Wednesday, August 26, 2026 at 2:00 pm** (Pacific Time)
- Email bid submittals to: rich.zwicker@wshfc.org

THANK YOU

rich.zwicker@wshfc.org

www.WSHFC.org

WASHINGTON STATE HOUSING FINANCE COMMISSION

REQUEST FOR PROPOSALS (RFP)

RFP NO. 202606HOMS

***NOTE**: If you download this RFP from the Washington State Housing Finance Commission website, you are responsible for sending your name, address, e-mail address, and telephone number to the RFP Coordinator in order for your organization to receive any RFP amendments or bidder questions/Commission's answers.*

PROJECT TITLE: Single Family Master Servicer and Sub-Servicer

PROPOSAL DUE: Wednesday, August 26, 2026, at 2:00 PM, Pacific Time, Seattle, WA

ENTITY ELIGIBILITY: This procurement is open to those entities that satisfy the minimum qualifications stated herein and that are available for work in Washington State.

CONTENTS OF THE REQUEST FOR PROPOSALS:

WASHINGTON STATE HOUSING FINANCE COMMISSION
REQUEST FOR PROPOSALS

1. INTRODUCTION

1.1. PURPOSE AND BACKGROUND

The Washington State Housing Finance Commission (the "Commission") is requesting proposals from highly professional, cooperative and responsive entities to serve as both a master loan servicer and sub-servicer with a successful secondary market and efficient conduit operation enabling continued growth of the Commission's Programs and increasing access to homeownership for low- to moderate-income families. The Commission reserves the right to determine how to divide its portfolio in the event we select multiple loan servicers. The Servicer(s) selected will be an active member of the finance team and a partner with the Commission and participating lenders to deliver creative and successful affordable housing products to meet the housing finance needs of the residents of Washington State.

BACKGROUND INFORMATION

In an effort to meet affordable housing needs across the state, the Commission has developed innovative lending programs, established strategic partnerships, and incorporated successful marketing programs to deliver targeted, goal-oriented homeownership assistance, including a statewide homebuyer education program. The Commission expects the selected servicer to purchase loans with no program overlays to Fannie Mae, Freddie Mac, and Ginnie Mae guidelines from a statewide network of participating lenders through delegated correspondent channels.

The Commission's main lending programs are known as the Home Advantage Program (financed through the TBA market) and the House Key Program (financed through the bond market). These programs are targeted to assist low- and moderate-income homebuyers of Washington state to purchase homes. The Home Advantage and House Key Programs are designed to support home buyers through a variety of means, including providing downpayment assistance to homebuyers lacking significant financial resources.

The Commission is an approved seller servicer with Fannie Mae and Freddie Mac and anticipates obtaining Ginnie Mae approval in 2027. Until that approval is secured, the successful bidder(s) must be capable of serving as the master servicer for all Ginnie Mae loans. Once the Commission receives its approval, the vendor must be able to transition from master servicer to sub-servicer upon notification from the Commission and deliver all loans under the Commission's seller servicer number. As a sub-servicer, the selected vendor(s) will be required to perform all duties identical to those of a master servicer including but not limited to purchasing, onboarding, pre-acquisition and post-acquisition, servicing quality control, collection of payments, the payment of tax and insurance escrows, and the management of delinquent loans, including loan modifications and foreclosures, and investor reporting while operating under the Commission's oversight.

For the first three quarters of the fiscal year, our production is as follows:

Program Volume:

PROGRAM	# LOANS	$ TOTAL	# FANNIE/FREDDIE	$ FANNIE/FREDDIE	# GINNIE MAE	$ GINNIE MAE
Home Advantage	4159	$ 1,673,521,298	1230	$ 480,098,710	2929	$ 1,193,422,588
House Key	391	$ 103,095,606	238	$ 60,066,462	153	$ 43,029,144
Total	**4550**	**$ 1,776,616,904**	**1468**	**$ 540,165,172**	**3082**	**$ 1,236,451,732**

The Commission anticipates steady volume for our upcoming fiscal year.

The Home Advantage Program is a market rate program priced daily by the Commission and is hedged by a third-party vendor. Homebuyers are not required to be first-time homebuyers. Loans are eligible for purchases only and cannot be used to refinance existing mortgages. Borrowers will meet Commission-specified income limits. Home Advantage loans are assumable on a case-by-case basis.

The Commission operates a House Key Program in accordance with IRS guidelines. To finance its lending activities, the Commission sells tax-exempt and taxable bonds and uses the proceeds to finance 30-year fixed rate mortgages to income eligible, first-time homebuyers purchased by the Servicer(s). From time to time, the Commission also sells mortgage-backed securities on the secondary market. Loans pooled for the House Key Bond Program must meet all requirements necessary for purchase into the Mortgage Revenue Bond program. House Key loans are assumable on a case-by-case basis.

The Commission also operates multiple downpayment assistance loan programs in which loans originate in conjunction with a Home Advantage or House Key first mortgage. They are typically payment deferred and due when the first mortgage is sold, refinanced, the homebuyer no longer occupies the property or in 30 years (whichever comes first). The Commission also operates one downpayment assistance program where under certain circumstances the second mortgage may be forgiven after 5 years with approval from the Commission. Downpayment assistance loans are not assumable and are serviced free of charge.

The selected servicer may serve as the Commission’s agent in either or both the Home Advantage Program and the House Key Program, depending on what role the Commission chooses for them pursuant to a Program Administration and Servicing Agreement (the “Agreement”). In either case, the selected servicer must also service any accompanying downpayment assistance loan for the Commission.

DUTIES AS A MASTER SERVICER AND SUB-SERVICER

Under the Home Advantage and House Key Programs, the Master Servicer(s)/Sub-Servicer(s) will purchase mortgage loans along with servicing rights from participating mortgage lenders throughout Washington state. The Master Servicer(s)/Sub-Servicer(s) will pool the mortgage loans and securitize them into applicable Ginnie Mae, Freddie Mac or Fannie Mae Certificates. For loans securitized as part of a bond issuance, the Trustee selected by the Commission, currently Wilmington Trust, National Association, acquires the Certificates from the Master Servicer(s)/Sub-Servicer(s) with bond proceeds and acts as a paying agent on behalf of the bondholders.

For the Home Advantage Program, the Master Servicer(s) /Sub-Servicer(s) will provide all the services necessary to acquire program loans, pool them into applicable Ginnie Mae, Freddie Mac or Fannie Mae Certificates and deliver them to the appropriate counterparty identified by the Commission. This will require the Master Servicer(s)/Sub-Servicer(s) to warehouse the mortgages from the time of purchase until certificate delivery. For loans securitized under the House Key Program (i.e., with the securities held in trust and financed by the sale of tax-exempt bonds), the Master Servicer(s)/Sub-Servicer(s) will be required to facilitate the purchase and certification of mortgage loans and the transfer of the resulting pools to the Trustee. (Note: The Master Servicer(s)/Sub-Servicer(s) may be or may apply to be a Mortgage Lender under the House Key Program but may *not* act as Trustee.) In all cases, the Master Servicer(s)/Sub-Servicer(s) will also serve all functions traditionally performed by a loan servicer and must also service any accompanying downpayment assistance loan.

1.2. OBJECTIVES AND SCOPE OF WORK

General Activities

1. Work with the Commission to purchase loans on a daily basis and service loans under both the Home Advantage Program and the House Key Program from participating mortgage lenders throughout Washington state in accordance with Commission and IRS guidelines on a servicing-released basis. Create pools under Ginnie Mae, Fannie Mae, or Freddie Mac programs as soon as minimum pool sizes permitted by the above-named entities are reached, based on pooling instructions provided by the Commission or its designee. FHA-insured loans will be pooled under either the Ginnie Mae I or II programs. Conventional loans will be originated under the HFA Preferred Program (for Fannie Mae) or the HFA Advantage Program (for Freddie Mac) using standard Fannie Mae and/or Freddie Mac guidelines, with private mortgage insurance from a Commission-approved insurance provider.

2. When loans are funded with bond proceeds, the Master Servicer(s)/Sub-Servicer(s) will work with Commission and Trustee on a delivery schedule to deliver Ginnie Mae, Fannie Mae Certificates and/or Freddie Mac PCs to the Trustee according to a schedule agreed upon, which includes a minimum of two purchase dates per month. If other means are used, the Master Servicer(s)/Sub-Servicer(s) will provide all services necessary to support the sale of loans and/or securities to investors. The Master Servicer(s)Sub-Servicer(s) are responsible for sections of bond issue documents and the Commission's Acquisition and Operating Policy related to Program loan servicing.

3. Warehouse mortgage loans from purchase until pooling of mortgage loans without separate reimbursement for such cost.

4. Conduct a robust servicing and loan remediation program to meet investor, federal and Washington State requirements for loss mitigation, foreclosure, etc. Provide maximum available assistance to borrowers while protecting the Commission's mortgage investment and loan portfolio, including handling all foreclosures of both first and second mortgages. The Commission expects that a servicer will seek to protect its second mortgage claims in the same manner as it would in a foreclosure of the first mortgage loan. Manage quality and effective borrower customer service. Efficiently process claims with investors and MI companies.

5. Provide monthly pre-acquisition, post-acquisition and servicing quality control findings, remediation and loan status.

6. Provide regular reports acceptable to the Commission on pipeline status, turn times, participating lender scorecards, and program performance including delinquency reports on Commission loans in an acceptable electronic or spreadsheet format.

7. Support the Commission's Second Mortgage lending activities. Currently, the Second Mortgage Loan Program Addendum to the Agreement provides for the Master Servicer(s)/Sub-Servicer(s) to purchase second mortgages originated by participating

lenders in conjunction with Home Advantage or House Key Program for downpayment assistance. The Master Servicer(s)Sub-Servicer(s) submits for reimbursement for the second mortgages from the Commission. The Master Servicer(s)Sub-Servicer(s) services the second mortgages without charging a servicing fee, forwarding the monthly payments (if applicable) and payoffs to the Commission. The borrower receives a single, combined coupon for the first and second mortgages. A fee of $40.00 per loan is charged to the borrower and paid to the Commission for this service. In addition, the Master Servicer(s)/Sub-Servicer(s) will service deferred payment second mortgages. Approximately 5,000 deferred payment Second Mortgage Loans are anticipated to be originated this year.

8. Maintain file 72-hour review and purchase turn times.

9. Keep the Commission informed of industry changes that will affect the Home Advantage and House Key Program operations.

10. Approve assumptions upon compliance with Home Advantage and House Key Program requirements.

11. Service loans, process foreclosures, remit monthly certificate payments, etc. according to industry standards and Commission requirements.

12. Work with the Commission to lower delinquency rates within the portfolio.

13. Work with the Commission to increase the number of Home Advantage and House Key Program Loans originated by Participating Lenders.

14. Work with the Commission to increase the number of Home Advantage and House Key Program Loans originated by the retail side of your company, if applicable.

15. Render assistance to the Commission, Trustee, and Participating Lenders regarding technical questions and problems that might arise.

16. Meet with and guide the Commission on the feasibility of proposed new homeownership or rehabilitation programs.

17. Participate in Home Advantage and House Key Program Manual updates, training conference calls/webinars and attend lender meetings to explain compliance with loan purchase guidelines and procedures, as needed.

18. Take any other action deemed necessary or appropriate in order to facilitate the implementation of the Home Advantage and House Key Programs in accordance with the provisions of the Home Advantage and House Key Program documents.

19. Demonstrate strong Third-Party Originator performance management experience and consult with the Commission before terminating any approved, participating lender and obtain the Commission’s approval for termination based on mutually agreed upon guidelines.

20. No program overlays are allowed, except following consultation with, and approval by, the Commission in its sole discretion.

1.3. MINIMUM QUALIFICATIONS

Only those interested bidders who meet the following minimum criteria are eligible to submit a proposal in response to this RFP:

1. The successful bidder(s) must be an approved and active issuer of Ginnie Mae and Fannie Mae Mortgage Backed Securities ("MBS") and Freddie Mac Participation Certificates ("PCs") and in good standing.

2. The successful bidder(s) will be required to demonstrate that they have an adequate warehouse line dedicated to the purchase of Commission mortgage loans as well as loss mitigation activities at any one time.

3. The successful bidder(s) will be required to demonstrate that they review and purchase loans from participating lenders in a timely manner and regularly provide outstanding customer service.

4. The successful bidder(s) will be expected to assign and identify experienced staff within two weeks of bid acceptance to assist in development and negotiation of final terms.

5. The successful bidder(s) will be required to demonstrate to the satisfaction of the Commission that it can perform the duties of Master Servicer(s)/Sub-servicer(s) with staff who have sufficient authority, training, and experience to perform the duties in an efficient and effective manner.

6. The successful bidder(s) will be required to demonstrate that it has computerized loan tracking and reporting systems that meet the Commission's requirements. Such systems must be compatible with the Commission's current loan reservation and management system, as described below.

7. The successful bidder(s) will be able to demonstrate to the Commission that it has in place a program to identify and work with delinquent borrowers to consider and evaluate all necessary options to bring them current, reduce delinquencies and avoid foreclosure.

8. The successful bidder(s) will be able to demonstrate to the Commission that it has in place a quality control program to include pre-acquisition, post-acquisition, and servicing quality control to meet investor guidelines.

9. The successful bidder(s) will be able to demonstrate to the Commission that it has in place a vendor management program.

10. The successful bidder(s) will have prior experience administering a daily priced market-rate program.

11. The successful bidder(s) will have the ability to service community second mortgages with a variety of loan terms including shared appreciation.

1.4. FUNDING

The amount of funding budgeted for the components of this proposal has not been finalized but the Commission is seeking the most cost-effective, justifiable pricing for the system and for ongoing support. Proposals should include a breakdown of estimated costs for each portion of the proposal.

Any contract awarded as a result of this procurement is contingent upon the availability of funding.

1.5. PERIOD OF PERFORMANCE

The period of performance of any contract resulting from this RFP is tentatively scheduled to begin in 2027.

The terms of the contract will be for two years with the option to cancel at any time and two options to extend for an additional two-year term.

1.6. CONTRACTING WITH CURRENT OR FORMER STATE EMPLOYEES

Specific ethics rules apply to contracting with current or former state or state agency employees, including Commission employees, pursuant to chapter 42.52 of the Revised Code of Washington. Proposers should familiarize themselves with the requirements prior to submitting a proposal that includes current or former state or state agency employees to ensure that the proposal complies with these requirements.

1.7. DEFINITIONS

Definitions for the purposes of this RFP include:

Apparent Successful Contractor: The contractor selected as the entity to perform the anticipated services, subject to completion of contract negotiations and execution of a written contract.

Contractor: Individual or company whose proposal has been accepted by Commission and is awarded a fully executed, written contract.

Commission: The Washington State Housing Finance Commission is the entity that is issuing this RFP.

Proposal: A formal offer submitted in response to this solicitation.

Proposer: Individual or company that submits a proposal in order to attain a contract with Commission.

Request for Proposals (RFP): Formal procurement document in which a service or need is identified but no specific method to achieve it has been chosen. The purpose of an RFP is to permit the community to suggest various approaches to meet the need at a given price.

Participating Lenders: mortgage lenders who originate and sell qualified loans to the Commission and are reviewed and approved by the Commission and Master Servicer(s)/Sub-Servicer(s) on an annual basis.

1.8. ADA

Commission complies with the Americans with Disabilities Act (ADA). Contractors may contact the RFP Coordinator to receive this Request for Proposals in Braille or on tape.

2. GENERAL INFORMATION FOR CONTRACTORS

2.1. RFP COORDINATOR

The RFP Coordinator is the sole point of contact at the Commission for this procurement. All communication between the Contractor and Commission upon release of this RFP shall be with the RFP Coordinator, as follows:

Name	Rich Zwicker
E-Mail Address	**rich.zwicker@wshfc.org**
Phone Number	206-287-4480

Any other communication will be considered unofficial and non-binding on Commission. Contractors are to rely on written statements issued by the RFP Coordinator. *Communication directed to parties other than the RFP Coordinator may result in disqualification of the Contractor.*

2.2. PRE-BID CONFERENCE

The optional Pre-Bid Conference is being offered consistent with the Washington State Department of Enterprise Services Supplier Diversity Policy No. POL-DES-090-06. The purpose of the optional Pre-Bid Conference is to address questions, clear up ambiguities, respond to issues or concerns, and establish a common basis for understanding the solicitation requirements. Attendance is optional.

Answers to the questions raised during the pre-bid conference and any amendments made to the solicitation document will be posted to WEBS. Bidders should only rely on written amendments issued via WEBS.

The optional Pre-Bid Conference will take place on Tuesday July 28, at 10:00 am, Pacific Time and last for a maximum of one hour or such shorter time if the entire hour is not needed. Interested parties may join the optional Pre-Bid Conference via this Zoom link:

Join Zoom Meeting
https://us02web.zoom.us/j/85223202115?pwd=bvBHV5BmCmSbKUcgOserygSrUkwaEj.1&from=addon

Meeting ID: 852 2320 2115
Passcode: 336718

One tap mobile
+12532158782,,85223202115#,,,,*336718# US (Tacoma)
+12532050468,,85223202115#,,,,*336718# US

Join by SIP

• 85223202115@zoomcrc.com

Join instructions
https://us02web.zoom.us/meetings/85223202115/invitations?signature=CHXCL8iHubkFBBguimbOoNjLNl3tmzyv_itp6svnoK0

2.3 ESTIMATED SCHEDULE OF PROCUREMENT ACTIVITIES

All times listed are prevailing Pacific Time.

Issue Request for Proposals	July of 2026
Pre-Bid Conference	Tuesday, July 28 2026 at 10:00 am Pacific Time
Deadline to Submit Questions for Q&A	Thursday, July 30, 2026 2:00 pm Pacific Time
Answers to Q&A posted on website (no questions will be answered prior to this date)	Friday, August 7, 2026
Proposals due	Wednesday, August 26, 2026 at 2:00 pm Pacific Time
Evaluate proposals	Week of August 31, 2026
Conduct Interviews with finalists, if needed	Week of September 7, 2026
Announce “Apparent Successful Contractor(s)” and send notification via e-mail to unsuccessful proposers	When an Apparent Successful Contractor is determined
Deadline to request debriefing conferences (if requested)	Third business day following the transmittal of the Unsuccessful Contractor Notification
Debriefing conference, if requested	Within 3 business days of request
Negotiate contract	September/October 2026
Begin contract work	January 2027

Commission reserves the right to revise the above schedule.

2.4. SUBMISSION OF PROPOSALS

ELECTRONIC PROPOSALS:
The proposal must be received by the RFP Coordinator no later than 2:00 pm, Pacific Time, in Seattle, Washington, Wednesday, August 26, 2026.

Proposals must be submitted electronically as an attachment to an e-mail to the RFP Coordinator, at the e-mail address listed in Section 2.1. Attachments to e-mail shall be in

Microsoft Word or PDF format. Zipped files cannot be received by Commission and cannot be used for submission of proposals. The cover submittal letter and the Certifications and Assurances form must have a scanned signature of the individual within the organization authorized to bind the Contractor to the offer. Commission does not assume responsibility for problems with Contractor's e-mail. If Commission email is not working, appropriate allowances will be made.

PROPOSALS MAY NOT EXCEED 25 (TWENTY-FIVE) PAGES IN LENGTH. This 25-page limit includes cover letters, proposal, cost proposal, and references. It does not include required Exhibits and attachments. Submissions that exceed these limitations may not be considered.

Proposals may not be transmitted using facsimile transmission and physical hardcopy submission will not be accepted.

Contractors should allow sufficient time to ensure timely receipt of the proposal by the RFP Coordinator. Late proposals may not be accepted and could be automatically disqualified from further consideration, unless Commission e-mail is found to be at fault at Commission's sole determination. Requests for deadline extensions will not be granted.

2.5. PROPRIETARY INFORMATION AND PUBLIC DISCLOSURE

Proposals submitted in response to this competitive procurement shall become the property of Commission and will not be returned. All proposals received shall remain confidential until the Apparent Successful Contractor is announced; thereafter, the proposals shall be deemed public records as defined in Chapter 42.56 of the Revised Code of Washington (RCW).

Any information in the proposal that the Contractor desires to claim as proprietary and exempt from disclosure under the provisions of Chapter 42.56 RCW, or other state or federal law that provides for the nondisclosure of your document, must be clearly designated. The information must be clearly identified and the particular exemption from disclosure upon which the Contractor is making the claim must be cited. Each page containing the information claimed to be exempt from disclosure must be clearly identified by the words "Proprietary Information" printed on the lower right hand corner of the page. Marking the entire proposal exempt from disclosure or as Proprietary Information will not be honored.

If a public records request is made for the information that the Contractor has marked as "Proprietary Information," Commission will notify the Contractor of the request and of the date that the records will be released to the requester unless the Contractor, at Contractor's sole expense, obtains a court order enjoining that disclosure. If the Contractor fails to obtain the court order enjoining disclosure, Commission will release the requested information on the date specified. If a Contractor obtains a court order from a court of competent jurisdiction enjoining disclosure pursuant to Chapter 42.56 RCW, or other state or federal law that provides for nondisclosure, Commission shall maintain the confidentiality of the Contractor's information per the court order.

2.6. REVISIONS TO THE RFP

In the event it becomes necessary to revise any part of this RFP, addenda will be provided via e-mail to all individuals who have made the RFP Coordinator aware of their interest. Addenda will also be published on Washington's Electronic Bid System (WEBS). The website can be located at https://fortress.wa.gov/ga/webs/. For this purpose, the published questions and answers and any other pertinent information shall be provided as an addendum to the RFP and will be placed on the website. Such addenda will also be published on the Commission's website, located at www.wshfc.org

If you downloaded this RFP from the Commission's website located at www.wshfc.org, you are responsible for sending your name, e-mail address, and telephone number to the RFP Coordinator in order for your organization to receive any RFP addenda.

Commission also reserves the right to cancel or to reissue the RFP in whole or in part, prior to execution of a contract.

2.7. DIVERSE BUSINESS INCLUSION PLAN

The Commission is committed to increasing opportunities for small and diverse businesses that contract with the Commission. This contract may provide opportunities for businesses working with small and diverse businesses through an Inclusion Plan. Accordingly, Responders must submit an Inclusion Plan as part of their proposal in the form at Exhibit B.

Inclusion goals are aspirational. No preference is given for inclusion plans or goals in the evaluation of proposals. While no minimum level of OMWBE certified, Veteran Owned, or Washington Small Business participation will be required as a condition for receiving an award, the plan must include the actions the Contractor will take to increase subcontracting opportunities for those business types. The Commission currently considers Responders non-responsive if they fail to submit an inclusion plan.

2.8. ACCEPTANCE PERIOD

Proposals must provide 120 days for acceptance by Commission from the due date for receipt of proposals.

2.9. COMPLAINT PROCESS

Vendors may submit a complaint to Commission based on any of the following:

a) The solicitation unnecessarily restricts competition;
b) The solicitation evaluation or scoring process is unfair; or
c) The solicitation requirements are inadequate or insufficient to prepare a response.

A complaint may be submitted to Commission at any time up to 5 days before the bid response deadline as set forth in this RFP. The complaint must meet the following requirements:

a) The complaint must be in writing;
b) The complaint must be sent to the RFP coordinator in a timely manner;
c) The complaint should clearly articulate the basis for the complaint; and

d) The complaint should include a proposed remedy.

The RFP coordinator will respond to the complaint in writing. The response to the complaint and any changes to the solicitation will be posted on WEBS. The Executive Director of Commission will be notified of all complaints and will be provided a copy of Commission's response. The complaint may not be raised again during the protest period. Commission's action or inaction in response to the complaint will be final. There will be no further internal appeal process.

2.10. RESPONSIVENESS

All proposals will be reviewed by the RFP Coordinator to determine compliance with administrative requirements and instructions specified in this RFP. The Contractor is specifically notified that failure to comply with any part of the RFP may result in rejection of the proposal as non-responsive.

Commission also reserves the right at its sole discretion to waive minor administrative irregularities.

2.11. MOST FAVORABLE TERMS

Commission reserves the right to make an award without further discussion of the proposal submitted. Therefore, the proposal should be submitted initially on the most favorable terms which the Contractor can propose. There will be no best and final offer procedure. Commission reserves the right to contact a Contractor for clarification of its proposal.

2.12. CONTRACT GENERAL TERMS & CONDITIONS

The Apparent Successful Contractor will be expected to enter into a contract which is substantially the same as the sample contract and its general terms and conditions attached as Exhibit D. In no event is a Contractor to submit its own standard contract terms and conditions in response to this solicitation. The Contractor may submit exceptions as allowed in the Certifications and Assurances form, Exhibit A to this solicitation. All exceptions to the contract terms and conditions must be submitted as an attachment to Exhibit A, Certifications and Assurances form. The Commission will review requested exceptions and accept or reject the same at its sole discretion.

This RFP and the Apparent Successful Contractor's proposal will be incorporated into the contract resulting from this RFP.

The Commission reserves the right to reject any or all proposals prior to the execution of the Agreement, with no penalty or cost to the Commission, and to negotiate final terms of the Agreement with the most qualified interested bidders(s). Additional terms include the following:

1. Mortgage loans may be originated in connection with multiple bond issues throughout the expected term of the Agreement, if applicable. These mortgage loans will be delivered in accordance with the Agreement.

2. The successful interested bidder(s) will be expected to negotiate appropriate master purchase and pooling agreements to meet the requirements expected in the Agreement.

3. For loans funded using the proceeds of tax-exempt and taxable bonds, the Commission intends that the obligations of the Master Servicer(s)/Sub-Servicer(s) under its Agreement will continue until the bonds are fully paid, though such obligations will be primarily loan servicing (as described above) following the scheduled origination period.

4. For loans originated and either sold in whole-loan form or sold to investors such as Ginnie Mae, Fannie Mae, or Freddie Mac MBS, the Master Servicer(s)/Sub-Servicer(s) will provide the services normally associated with such activities. The Master Servicer(s)/Sub-Servicer(s) will also adjust its activities and services to support changes in the loan origination and funding practices of the Commission.

2.13. COMMISSION SUPPORT FOR THE CONTRACTOR

1. Commission staff will provide access to the materials of the Commission and will assist in coordinating the work of the Servicer(s) with Commission staff, the Trustee, the Participating Lenders and other persons as required for implementation of the Agreement.

2. The Commission will provide a toll-free telephone line for individual borrowers and general public inquiries and will produce brochures for the general public.

2.14. COSTS TO PROPOSE

Commission will not be liable for any costs incurred by the Contractor in preparation of a proposal submitted in response to this RFP, travel to or conduct of a presentation, or any other activities related to responding to this RFP

2.15. NO OBLIGATION TO CONTRACT

This RFP does not obligate the Commission to contract for services specified herein.

2.16. REJECTION OF PROPOSALS

Commission reserves the right at its sole discretion to reject any and all proposals received without penalty and not to issue a contract as a result of this RFP.

2.17. COMMITMENT OF FUNDS

The Executive Director of the Commission or his delegee is the only individual who may legally commit Commission to the expenditures of funds for a contract resulting from this RFP. No cost chargeable to the proposed contract may be incurred before receipt of a fully executed contract.

2.18. ELECTRONIC PAYMENT

The Commission utilizes electronic payments in its transactions. The successful contractor will be provided a form to complete with the contract to authorize such payment method.

2.19. INSURANCE COVERAGE

The Contractor shall, at its own expense, obtain and keep in force insurance coverage which shall be maintained in full force and effect during the term of the contract. Standard insurance requirements are included in Section 5 of the special terms and conditions within the sample contract attached as Exhibit D.

Within ten business days of notification of an award, the Apparent Successful Contractor will be required to furnish Commission with a certificate(s) of insurance executed by a duly authorized representative of each insurer, showing compliance with the insurance requirements set forth within the contract.

3. PROPOSAL CONTENTS

Proposals should be submitted for the items set forth in the Scope of Work above.

Proposals must be written in English and submitted electronically to the RFP Coordinator in the order noted below:

1. Letter of Submittal, including signed Certifications and Assurances (Exhibit A to this RFP)
2. Proposal
3. Cost Proposal
4. References
5. OMWBE Certification
6. Diverse Business Inclusion Plan (Exhibit B to this RFP)
7. Workers' Rights Certification (Exhibit C to this RFP)

Items below marked "mandatory" must be included as part of the proposal for the proposal to be considered responsive.

3.1. LETTER OF SUBMITTAL (MANDATORY)

The Letter of Submittal and the attached Certifications and Assurances form (Exhibit A to this RFP) must be signed and dated by a person authorized to legally bind the Contractor to a contractual relationship, e.g., the President or Executive Director if a corporation, the managing partner if a partnership, or the proprietor if a sole proprietorship. Along with introductory remarks, the Letter of Submittal is to include by attachment the following information about the Contractor and any proposed subcontractors:

A. Name, address, principal place of business, telephone number, and e-mail address of legal entity or individual with whom contract would be written.

B. Name, address, and telephone number of each principal officer (President, Vice President, Treasurer, Chairperson of the Board of Directors, etc.)

C. Legal status of the Contractor (sole proprietorship, partnership, corporation, etc.) and the year the entity was organized to do business as the entity now substantially exists.

D. Federal Employer Tax Identification number or Social Security number and the Washington Uniform Business Identification (UBI) number issued by the state of

Washington Department of Revenue. If the Contractor does not have a UBI number, the Contractor must state that it will become licensed in Washington within thirty (30) calendar days of being selected as the Apparent Successful Contractor.

3.2. PROPOSAL (MANDATORY)

The Proposal must contain a comprehensive description of services including the following elements:

A. Project Approach & Staffing: Include a complete description of the Contractor's proposed approach for the project. This section should convey Contractor's understanding of the Scope of Work. Identify staff, including subcontractors, who will be assigned to the contract, indicating the responsibilities and qualifications of such personnel, and include the amount of time each will be assigned to the project. Provide resumes for the named staff, which include information on the individual's particular skills related to this project, education, experience, significant accomplishments and any other pertinent information.

B. Work Plan: Include all project requirements and the proposed tasks, services, activities, etc. necessary to accomplish the Scope of Work defined in this RFP. This section of the proposal must contain sufficient detail to convey to members of the evaluation team the Contractor's knowledge of the subjects and skills necessary to successfully complete the project. Include any required involvement of Commission staff.

C. Outsourcing: If outsourcing for services to Third-Party Vendors, provide a listing of such, provide a copy of its Third-Party Vendor Oversight Plan and describe its monitoring processes when outsourcing.

D. Project Schedule: Include a project schedule indicating when the elements of the work will be completed.

E. Exhibits to include (which will not count toward the 25 page limit):
- Policies and procedures related to internal controls and information security (including cybersecurity protocols)
- Disaster recovery and business continuity plan
- Penetration testing results
- Vulnerability testing
- Network Diagram
- Data flow diagram, including third party/fourth party
- Audit reports (internal audit, external audit, SOC-type review, security reviews) or other examination reports evidencing internal controls
- List names of company principals company principals
- Most recent Audited Financial Statements
- Vendor Management Policy
- Quality Control Policy
- Evidence of sufficient insurance coverage (Fidelity, E & O, and Cyber Security)
- Current organizational chart
- Training plan or training requirements for employees and contractors

3.3. COST PROPOSAL (MANDATORY)

The evaluation process is designed to award this procurement not necessarily to the Contractor of least cost, but rather to the Contractor whose proposal best meets the requirements of this RFP. However, Contractors are encouraged to submit proposals which are consistent with state government efforts to conserve state resources.

A. Identification of Costs. Identify all costs to be charged for performing the services necessary to accomplish the objectives of the contract, and if not applying for both Master Servicer and Sub-Servicer roles, please indicate the role. Break out costs separately for loans that are master serviced vs. sub-serviced. Break out costs separately for each scope being proposed. The Contractor is to submit a fully detailed budget including staff costs and any expenses necessary to accomplish the tasks and to produce the deliverables under the contract. Contractors are required to collect and pay Washington state sales and use taxes, as applicable.

Costs for subcontractors are to be broken out separately. Please note if any subcontractors are certified by the Office of Minority and Women's Business Enterprises.

3.4. REFERENCES (MANDATORY)

List names, addresses, telephone numbers, and e-mail addresses of three (3) business references for the Contractor, preferably for contracts the Contractor has performed in the last five years, if any, and three (3) business references for the lead staff person for whom work has been accomplished and briefly describe the type of service provided. Do not include current Commission staff as references.

By submitting a proposal in response to this Work Request, the vendor and team members grant permission to Commission to contact these references and others, who from Commission's perspective, may have pertinent information. Commission may or may not, at Commission's discretion, contact references. Commission may evaluate references at Commission's discretion.

3.5. OMWBE CERTIFICATION (OPTIONAL)

Include proof of certification issued by the Washington State Office of Minority and Women's Business Enterprises (OMWBE) if certified minority-, women-, veteran-owned or small business firm(s) will be participating on this project. For more information please visit: **http://www.omwbe.wa.gov**.

3.6. DIVERSE BUSINESS INCLUSION PLAN (MANDATORY)

As set forth in Exhibit B to this RFP.

3.7. WORKERS' RIGHTS CERTIFICATION (MANDATORY)

As set forth in Exhibit C to this RFP.

4. EVALUATION AND CONTRACT AWARD

4.1. EVALUATION PROCEDURE

Responsive proposals will be evaluated strictly in accordance with the requirements stated in this solicitation and any addenda issued. The evaluation of proposals shall be accomplished by an evaluation team(s), to be designated by Commission, which will determine which proposals will warrant further considerations.

Commission, at its sole discretion, may elect to invite the top-responding firms as finalists for a virtual presentation.

Commission, at its sole discretion, may award the contracts without an oral presentation.

The RFP Coordinator may contact the Contractor for clarification of any portion of the Contractor's proposal.

4.2. EVALUATION CRITERIA

The Commission may award a contract to the interested bidder(s) whose proposal is most advantageous to the Commission and, in the Commission's opinion, to the Participating Lenders and prospective homebuyers under the Commission's homeownership programs. The Commission reserves the right to award a contract to the interested bidder(s) who will best meet the requirements of this RFP, and not necessarily to the interested bidder(s) with the best priced bid. Principal considerations will be:

1. The amount of the bid, in the form of a percentage of outstanding principal amount of each loan. The bid should also include proposed charges for non-performing loans, including various stages of non-performance up to and including foreclosure.

2. Prior experience with wholesale, correspondent and retail mortgage loan origination, servicing and securitization (including experience with VA-guaranteed, FHA-insured, Native American section 184 insured loans and RHS-guaranteed mortgage loans, Ginnie Mae and Fannie Mae pools, and Freddie Mac PCs).

3. Evidence of prompt loan packaging and pooling of loans and the willingness to perform multiple pooling deliveries every month.

4. Evidence of prompt loan packaging and sale of certificates to bond trustee to meet bond issue requirements.

5. Evidence of prompt loan boarding to service loans after purchase from participating lenders.

6. Ability to warehouse mortgage loans.

7. Prior experience administering single-family programs including tax-exempt mortgage revenue housing bond and daily priced programs or similar state or municipal housing finance agency programs.

8. The experience and background of staff assigned to the Commission and previous successful experience with programs offered by the Commission.

9. Financial soundness of the interested bidder(s).

10. Prior experience with creating underwriting documents, manuals, training materials and conducting training sessions.

11. Experience Master Servicing/Sub-servicing, managing and reporting delinquency, foreclosure, loss mitigation, loan modifications for re-pooling or portfolio, forbearance, real estate owned, and foreclosure activity, including investor and MI claims management.

12. Demonstrated strong quality control program documenting meaningful audits that meet investor requirements and identify loan origination strengths and weaknesses.

13. Ability to meet the Commission's second mortgage servicing and reporting requirements.

14. The brevity, clarity and responsiveness of the proposal to the identified needs of the Commission.

15. The acceptability and flexibility of the computer services and data sharing offered by the bidder(s). Currently, the Commission uses a proprietary Internet based integrated system from HOTB Software to track the mortgage loan process from loan intake (i.e., fund reservation) to loan purchase. Please contact Jason Connolly at HOTB Software at jconnolly@hotbsoftware.com if you need information about the system.

16. The ability to meet the electronic reporting requirements of the Commission in a timely and responsible manner.

The Commission will evaluate proposals using the evaluation factors listed above. The Commission may seek clarification from interested bidders and may conduct virtual interviews, discussions and negotiations with interested bidder(s) who submit proposals found to be reasonably likely to be selected for an award.

In addition to the items above, the Commission may give weight to proposals from firms which certify that they do not require their employees to sign an individual arbitration clause as a condition of employment (see Exhibit C).

Commission reserves the right to award the contract to the Contractor(s) whose proposal is deemed to be in the best interest of Commission and the state of Washington.

4.3. NOTIFICATION TO PROPOSERS

Commission will notify the Apparent Successful Contractor of their selection in writing upon completion of the evaluation process. Individuals or firms whose proposals were not selected for further negotiation or award will be notified separately by e-mail.

4.4. DEBRIEFING OF UNSUCCESSFUL PROPOSERS

Any Contractor who has submitted a proposal and been notified that they were not selected for contract award may request a debriefing. Debriefing requests must be received by the RFP Coordinator no later than 5:00 PM, local time, in Seattle, Washington, on the third business day following the transmittal of the Unsuccessful Contractor Notification. The debriefing may be scheduled within three (3) business days of the request.

Discussion at the debriefing conference will be limited to the following:

- Evaluation of the firm’s proposal;
- Critique of the proposal based on the evaluation;

Comparisons between proposals or evaluations of the other proposals will not be allowed. Debriefing conferences may be conducted at Commission’s discretion in person, virtually or on the telephone and will be scheduled for a maximum of one hour.

4.5. PROTEST PROCEDURE

Protests may be made only by Contractors who submitted a response to this solicitation document and who have participated in a debriefing conference. Upon completing the debriefing conference, the Contractor is allowed five (5) business days to file a protest of the acquisition with the RFP Coordinator. Protests must be received by the RFP Coordinator no later than 5:00 PM, local time, in Seattle, Washington on the fifth business day following the debriefing. Protests may be submitted by e-mail but must then be followed by the document with an original signature.

Contractors protesting this procurement shall follow the procedures described below. Protests that do not follow these procedures shall not be considered. This protest procedure constitutes the sole administrative remedy available to Contractors under this procurement.

All protests must be in writing, addressed to the RFP Coordinator, and signed by the protesting party or an authorized Agent. The protest must state the RFP number, the grounds for the protest with specific facts and complete statements of the action(s) being protested. A description of the relief or corrective action being requested should also be included.

Only protests stipulating an issue of fact concerning the following subjects shall be considered:

- A matter of bias, discrimination, or conflict of interest on the part of an evaluator;
- Non-compliance with procedures described in the procurement document or Commission policy.

Protests not based on procedural matters will not be considered. Protests will be rejected as without merit if they address issues such as: 1) an evaluator’s professional judgment on the quality of a proposal, or 2) Commission’s assessment of its own and/or other agencies needs or requirements.

Upon receipt of a protest, a protest review will be held by Commission. The Commission’s Executive Director or an employee delegated by the Executive Director who was not involved in the procurement will consider the record and all available facts and issue a decision within seven (7) business days of receipt of the protest. If additional time is required, the protesting party will be notified of the delay.

In the event a protest may affect the interest of another Contractor that also submitted a proposal, such Contractor will be given an opportunity to submit its views and any relevant information on the protest to the RFP Coordinator.

The final determination of the protest shall:

- Find the protest lacking in merit and uphold Commission's action; or
- Find only technical or harmless errors in Commission's acquisition process and determine Commission to be in substantial compliance and reject the protest; or
- Find merit in the protest and provide Commission options which may include:
  - Correct the errors and re-evaluate all proposals, and/or
  - Reissue the solicitation document and begin a new process, or
  - Make other findings and determine other courses of action as appropriate.

If Commission determines that the protest is without merit, Commission will enter into a contract with the Apparent Successful Contractor. If the protest is determined to have merit, one of the alternatives noted in the preceding paragraph will be taken.

5. RFP EXHIBITS

Exhibit A – Certifications and Assurances

Exhibit B – Diverse Business Inclusion Plan

Exhibit C – Workers' Rights Certification

Exhibit D – Sample Servicer Contract Format with Special and General Terms and Conditions

EXHIBIT A

CERTIFICATIONS AND ASSURANCES

I/we make the following certifications and assurances as a required element of the proposal to which it is attached, understanding that the truthfulness of the facts affirmed here and the continuing compliance with these requirements are conditions precedent to the award or continuation of the related contract:

1. I/we declare that all answers and statements made in the proposal are true and correct.

2. The prices and/or cost data have been determined independently, without consultation, communication, or agreement with others for the purpose of restricting competition. However, I/we may freely join with other persons or organizations for the purpose of presenting a single proposal.

3. The attached proposal is a firm offer for a period of 60 days following receipt, and it may be accepted by Commission without further negotiation (except where obviously required by lack of certainty in key terms) at any time within the 60-day period.

4. In preparing this proposal, I/we have not been assisted by any current or former employee of the state of Washington or state agency including the Commission whose duties relate (or did relate) to this proposal or prospective contract, and who was assisting in other than his or her official, public capacity. If there are exceptions to these assurances, I/we have described them in full detail on a separate page attached to this document.

5. I/we understand that Commission will not reimburse me/us for any costs incurred in the preparation of this proposal. All proposals become the property of Commission, and I/we claim no proprietary right to the ideas, writings, items, or samples, unless so stated in this proposal.

6. Unless otherwise required by law, the prices and/or cost data which have been submitted have not been knowingly disclosed by the Proposer and will not be knowingly disclosed by him/her prior to opening, directly or indirectly, to any other Proposer or to any competitor.

7. I/we agree that submission of the attached proposal constitutes acceptance of the solicitation contents and the attached sample contract and general terms and conditions. If there are any exceptions to these terms, I/we have described those exceptions in detail on a page attached to this document.

8. No attempt has been made or will be made by the Proposer to induce any other person or firm to submit or not to submit a proposal for the purpose of restricting competition.

9. I/we grant Commission the right to contact references and others who may have pertinent information regarding the ability of the Contractor and the lead staff person to perform the services contemplated by this RFP.

10. If any staff member(s) who will perform work on this contract has retired from the State of Washington under the provisions of the 2008 Early Retirement Factors legislation, his/her name(s) is noted on a separately attached page.

We (*check one*):
☐ are submitting proposed Contract exceptions. (See Section 2.12, Contract and General Terms and Conditions.) If Contract exceptions are being submitted, I/we have attached them to this form.
☐ are not submitting proposed Contract exceptions (*default if neither are checked*).

On behalf of the Contractor submitting this proposal, my signature below attests to the accuracy of the above statement as well as my authority to bind the submitting organization.

Signature of Proposer　　　　　　　　　　Date

Printed Name　　　　　　　　　　Title

EXHIBIT B

DIVERSE BUSINESS INCLUSION PLAN

1. Status of Firm or Use of Subcontractors

Do you anticipate using, or is your firm, a State Certified Minority Business?	Y/N
Do you anticipate using, or is your firm, a State Certified Women's Business?	Y/N
Do you anticipate using, or is your firm, a State Certified Veteran Business?	Y/N
Do you anticipate using, or is your firm, a Washington State Small Business?	Y/N

2. If you answered No to all of the questions above, please explain:

____

____

3. Please describe approaches your firm is taking to advance diversity, equity and inclusion within your firm.

____

____

4. If your answer to (1) above was Yes to any of the questions, please list the approximate percentage of work to be accomplished by each group:

Minority	__%
Women	__%
Veteran	__%
Small Business	__%

5. Please identify the person in your organization who will manage your Diverse Inclusion Plan responsibility:

Name: __________________

Phone: __________________

E-Mail: __________________

EXHIBIT C

CONTRACTOR CERTIFICATION
EXECUTIVE ORDER 18-03 – WORKERS' RIGHTS
WASHINGTON STATE GOODS & SERVICES CONTRACTS

Pursuant to the Washington State Governor's Executive Order 18-03 (dated June 12, 2018), the Washington State Housing Finance Commission is seeking to contract with qualified entities and business owners who certify that their employees are not, as a condition of employment, subject to mandatory individual arbitration clauses and class or collective action waivers.

Solicitation No.: 202606HOMS

I hereby certify, on behalf of the firm identified below, as follows (check one):

☐ NO MANDATORY INDIVIDUAL ARBITRATION CLAUSES AND CLASS OR COLLECTIVE ACTION WAIVERS FOR EMPLOYEES. This firm does NOT require its employees, as a condition of employment, to sign or agree to mandatory individual arbitration clauses or class or collective action waivers.

OR

☐ MANDATORY INDIVIDUAL ARBITRATION CLAUSES AND CLASS OR COLLECTIVE ACTION WAIVERS FOR EMPLOYEES. This firm requires its employees, as a condition of employment, to sign or agree to mandatory individual arbitration clauses or class or collective action waivers.

OR

☐ This firm certifies it has no employees.

I hereby certify, under penalty of perjury under the laws of the State of Washington, that the certifications herein are true and correct and that I am authorized to make these certifications on behalf of the firm listed herein.

FIRM NAME: ____
Name of Contractor/Bidder – Print full legal entity name of firm

By: ______________________________ ______________________________
Signature of authorized person Printed Name

Title: ______________________________ Place: ______________________________
Title of person signing certificate Print city and state where signed

Date: ______________________________

Return Contractor Certification to Procurement Coordinator as part of your complete response.

EXHIBIT D

Services Contract with

<Individual or contractor organization here>

through

<Name of COMMISSION program issuing/administering contract here>

PROGRAM ADMINISTRATION AND SERVICING AGREEMENT

WASHINGTON STATE HOUSING FINANCE COMMISSION

AND

____

Single-Family Home Advantage Program

Dated as of __________

PROGRAM ADMINISTRATION AND SERVICING AGREEMENT

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PROGRAM ADMINISTRATION
AND SERVICING AGREEMENT

This **PROGRAM ADMINISTRATION AND SERVICING AGREEMENT** (the "Agreement") is entered into as of ________, between the **WASHINGTON STATE HOUSING FINANCE COMMISSION,** a public body corporate and politic and an instrumentality of the State of Washington (the "Commission") and **________,** an _______ (the "Servicer").

W I T N E S S E T H:

WHEREAS, pursuant to the Constitution and laws of the State of Washington, particularly Laws of 1983, Ch. 161, as the same may be amended from time to time (the "Act"), the Commission is authorized, in furtherance of the public purposes described in the Act, to purchase mortgage loans and participations in mortgage loans from lending institutions to finance the construction of, and to facilitate the purchase and sale of existing residential housing for eligible persons and families under the Act; and

WHEREAS, pursuant to the Act, the Commission is authorized to enter into agreements to carry out its public purposes and specifically to contract with mortgage administrators; and

WHEREAS, the Commission intends to continue its existing mortgage loan program to assist persons of low and moderate income to afford the costs of acquiring and owning decent, safe and sanitary housing; and

WHEREAS, to alleviate the shortage of decent, safe and sanitary housing, and the shortage of funds to provide such housing, for persons or families of low, moderate or middle income within the State of Washington, which constitutes a valid public purpose under the Act, the Commission has developed a program (the "Program") with respect to (i) the acquisition of qualifying mortgage loans made to finance homes intended for owner occupancy by persons or families of low or moderate income (the "Mortgage Loans"), which Mortgage Loans are to be originated pursuant to individual but identical Mortgage Origination Agreements by and among certain lending institutions (the "Mortgage Lenders"), a servicer and the Commission (collectively, the "Origination Agreements") and are to be serviced by a servicer; and (ii) the sale of mortgage-backed securities of the Government National Mortgage Association ("Ginnie Mae Certificates"), single pool mortgage-backed securities of the Federal National Mortgage Association ("Fannie Mae Certificates") and mortgage-backed securities of the Federal Home Loan Mortgage Corporation ("Freddie Mac Certificates") (together, the Ginnie Mae Certificates, Fannie Mae Certificates and Freddie Mac Certificates, are referred to as the "Certificates") evidencing the guarantee by The Government National Mortgage Association ("Ginnie Mae") and the Federal National Mortgage Association ("Fannie Mae") and the Federal Home Loan Mortgage Corporation ("Freddie Mac"), as applicable, of timely payment of principal of and interest on such Mortgage Loans; and

WHEREAS, following a competitive selection process, the Commission has determined to enter into a cooperative venture with ___________ to provide on behalf of the Commission certain mortgage services including servicing for its Mortgage Loans eligible to be purchased by Fannie Mae, Freddie Mac or Ginnie Mae under this Agreement and for Mortgage Loans in its bond program; and

WHEREAS, in order to carry out the Program, the Commission, the Servicer and the Mortgage Lenders have entered or will enter into Origination Agreements pursuant to which: (i) the Mortgage Lenders agree to originate Mortgage Loans in accordance with terms established by the Commission and sell such Mortgage Loans to the Servicer on behalf of the Commission on a first come, first served basis; (ii) the Mortgage Lender agrees to sell the Servicing Rights for all such Mortgage Loans to the Servicer; (iii) the Servicer agrees to pool the Mortgage Loans into Certificates on behalf of the Commission; and (iv) the Servicer agrees to sell the Certificates at the direction of the Commission; and

WHEREAS, the Servicer will, subject to the terms hereof, purchase and service the Mortgage Loans, cause the issuance of the Certificates, as applicable, and make timely payment of principal of and interest on the Certificates and provide such other services in support of the Program as are set forth herein; and

WHEREAS, Appendix A to this Agreement, entitled Settlement and Delivery Instructions, dated as of September 19, 2016 is between the Commission, the Servicer and ________ and establishes the initial procedures for the sale of the Certificates to __________; and

WHEREAS, from time to time the Commission may enter into limited agreements with respect to the delivery of the Certificates in compliance with applicable security laws, and the parties have agreed to append any new agreements as an appendix;

NOW, THEREFORE, in consideration of the representations, warranties and mutual agreements herein contained, the Servicer and the Commission agree, as follows:

ARTICLE 1
GENERAL PROVISIONS

SECTION 1.01 Definitions.

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

"Certificate Price" means the aggregate unpaid principal amount of, and accrued interest on, a Certificate.

"Commission Servicing Remainder" means the portion of the servicing fee received on a Mortgage Loan net of the Servicing Fee.

"Conventional Mortgage Loan" means a Mortgage Loan that is not FHA Insured, VA Guaranteed, HUD Guaranteed or RD Guaranteed.

"Freddie Mac Agreement" means the then current Freddie Mac Seller/Servicer Guide.

"Funding Period" means the period of approximately one calendar month that elapses between the Ginnie Mae Monthly Settlement Date for any calendar month and the Ginnie Mae Monthly Settlement Date for the next succeeding calendar month.

"Gift or Grant" means non-reimbursable funds provided by the Commission to a borrower for use by the borrower as funds to close the borrower's Mortgage Loan in accordance with the Program Manual. Second Lien Mortgage Loans are not Gifts or Grants.

"Ginnie Mae Monthly Settlement Date" means the date established by Ginnie Mae for monthly settlement of its purchase of mortgage loans for single-family residential housing of the type that are part of the SFB Program. Ginnie Mae has established the twentieth (20th) day of each month as its current monthly settlement date. Any change in the monthly settlement date established by Ginnie Mae will be incorporated automatically and without further action by the parties into this definition.

"Government Mortgage Loan" means a Mortgage Loan that 1s FHA Insured, VA Guaranteed, HUD Guaranteed or RD Guaranteed.

"Mortgage File" means the mortgage documents customarily maintained in mortgage loan files by private institutional mortgage servicers, as such list is contained in the Program Manual.

"Origination Agreements" means the individual but identical Mortgage Origination Agreements pursuant to which Mortgage Loans are to be originated, by and among certain lending institutions, the Servicer and the Commission.

"Program Documents" means this Agreement, the Origination Agreements, Program Manual, and the Purchase Documents, as such documents may be amended and supplemented from time to time. In the event of a conflict between the terms of the Purchase Documents and the other Program Documents, the terms of the Purchase Documents shall control.

"Purchase Documents" means any documents and agreements, if any, between the Servicer and each Mortgage Lender regarding the sale of Mortgage Loans which have been approved in writing by the Commission.

"Related Loans" means Mortgage Loans under the Program Documents secured by the same property as a Second Lien Mortgage Loan.

"Second Lien Mortgage" means a deed of trust in favor of the Commission securing a Second Lien Mortgage Loan.

"Second Lien Mortgage Loan" (which may be a second or other subordinate loan) means a mortgage loan made and acquired pursuant to the Second Mortgage Loan Program.

"Servicing Fee" means a fee payable to the Servicer for servicing and administration of the Mortgage Loans in an amount equal to the servicing fees payable pursuant to the applicable investor guidelines or rules.

"Servicing Release Premium" means the servicing release premium, if any, that will be paid by the Servicer in accordance with this Agreement.

"SFB Program" means the Commission's program to finance the acquisition of affordable mortgage loans for single-family residential housing under the Commission's Single-Family Bond Program in accordance with the Program Origination Agreement, the Program Servicing Agreement and the other documents executed in connection therewith.

SECTION 1.02 Servicer's Representations, Warranties and Covenants.

The Servicer represents and warrants to, and covenants with, the Commission that:

(a) The Servicer is an independent public body corporate and politic, duly organized, validly existing and in good standing under the laws governing its creation and existence, is duly qualified to transact business in the state of Washington, if applicable, and possesses all requisite authority, power, licenses, permits and franchises to conduct any and all business contemplated by the Program Documents and to execute, deliver and comply with its obligations under the terms of the Program Documents, the execution, delivery and performance of which have been duly authorized by all necessary corporate action.

(b) The execution and delivery of this Agreement by the Servicer in the manner contemplated herein and the performance of and compliance with the terms hereof by it will not violate: (i) its charter or bylaws; or (ii) any laws or regulations which could have any material adverse effect whatsoever upon the validity, performance or enforceability of any of the terms of this Agreement and the other Program Documents applicable to the Servicer, and will not constitute a material default (or an event which, with notice or lapse of time, or both, would constitute a material default) under, or result in the breach of, any contract, agreement or other instrument to which the Servicer is a party or which may be applicable to it or any of its assets.

(c) The execution and delivery of this Agreement by the Servicer 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) This Agreement, and all documents and instruments contemplated hereby including the Pool Purchase Contracts to which Servicer is a party, which are executed and delivered by the Servicer, will constitute valid, legal and binding obligations of the Servicer, enforceable in accordance with their respective terms, except as the enforcement thereof may be limited by applicable debtor relief laws and principles of equity.

(e) With respect to its duties hereunder, the Servicer will comply with the applicable non-discrimination provisions of the Civil Rights Act of 1964, the regulations promulgated thereunder, and Executive Order 11246, Equal Employment Opportunity, dated September 24, 1965.

(f) From time to time upon written request, the Servicer will report to the Commission, as more fully set forth in this Agreement, information relating to the Mortgage Loans and will do every act and thing which may be necessary or reasonably required to perform its duties under this Agreement.

(g) The Servicer agrees that so long as it shall continue to serve in the capacity contemplated under the terms of this Agreement, it will remain in good standing under the laws governing its creation and existence and qualified and licensed under the laws of the State to do business in the State of Washington, if applicable, will not dissolve or otherwise dispose of all or substantially all of its assets. Further, except as provided in Section 4.02 hereof, Servicer may assign with the written consent of the Commission, which consent shall not be unreasonably withheld, all (but not a portion) of its rights and obligations under the entire Agreement, including assignment of servicing rights on loans already acquired, if the requirements of this Section l .02(g) are met. The assignee of servicing: (i) shall demonstrate to the reasonable satisfaction of the Commission its ability to perform the duties of the Servicer as specified under this Agreement, and shall have a net worth equal to or greater than the net worth of the Servicer immediately preceding any such assignment of servicing; (ii) shall be qualified under the laws of the State to do business in the State of Washington; (iii) shall be qualified under all State and federal laws and have all necessary licenses and approvals (or have obtained written waivers thereof) required of the Servicer under this Agreement to perform Servicer's duties under this Agreement and other Program Documents; (iv) shall be an FHA-approved mortgagee, a Ginnie Mae-approved seller/servicer and, if applicable, a Fannie Mae-approved seller/servicer; and (v) shall assume in writing all of the obligations of the Servicer under this Agreement. Upon satisfaction of the foregoing conditions, the Commission shall release the Servicer in writing, concurrently with and contingent upon such assumption, from all obligations so assumed.

(h) No information or statement furnished in writing or report required hereunder delivered to the Mortgage Lender or the Commission will, to the knowledge of the Servicer, contain any untrue statement of a material fact or omit a material fact necessary to make the information, statements or report not misleading; provided, however, that Servicer is entitled to rely upon the accuracy of information provided to it by third parties, including without limitation the Mortgage Lender and the Commission, and it shall not be a breach of this representation and covenant if such information or statements provided by the Servicer contain incorrect items of material fact or omit a material fact necessary to make the information or statement not misleading if the information or statement is provided to Servicer by third parties and Servicer is not explicitly responsible under the terms of this Agreement to review and verify the accuracy of the specific information or statement that contains the incorrect or misleading item or items.

(i) The Servicer is an independent public body corporate and politic that provides service or otherwise aids in the financing of mortgage loans on single family residential housing.

U) The Servicer is approved by Ginnie Mae and by Fannie Mae to service the type of Mortgages Loans to be originated by the Mortgage Lenders under the Program, is an FHA-approved mortgagee, meets all the issuer eligibility requirements of Ginnie Mae and of Fannie Mae (including net worth requirements), is approved by Ginnie Mae to issue mortgage-backed securities guaranteed by Ginnie Mae pursuant to Section 306(g) of Title III of the National Housing Act and applicable regulations thereunder, and is approved by Fannie Mae to deliver mortgage loans to Fannie Mae to back mortgage-backed securities issued and guaranteed by Fannie Mae. The Servicer is further approved by Freddie Mac to deliver mortgage loans to Freddie Mac to back mortgage-backed securities issued and guaranteed by Freddie Mac.

(k) The Servicer is organized and operated for the purpose, among others, of issuing mortgage-backed securities guaranteed by Ginnie Mae and delivering mortgage-backed securities issued by Fannie Mae or Freddie Mac, has full legal power and authority under its organizational documents and applicable laws to deliver Ginnie Mae Certificates, Fannie Mae Certificates and Freddie Mac Certificates and to perform its obligations hereunder and thereunder, and by proper action has duly authorized the delivery of Fannie Mae Certificates, Freddie Mac Certificates and Ginnie Mae Certificates.

(I) To the best of its knowledge, the Servicer is not in default with respect to any order or decree of any court or any order, regulation or demand of any federal, state, municipal, or governmental agency, which default would materially and adversely affect its performance hereunder or under the Pool Purchase Contract.

(m) To the best of the Servicer's knowledge, the Servicer is not a party to nor bound by, nor does Servicer intend to be a party to or be bound by, any agreement or instrument nor subject to any charter or any other corporate restriction or any judgment, order, writ, injunction, decree, law, or regulation which materially and adversely affects the ability of Servicer to perform its obligations under this Agreement or under the Pool Purchase Contract or which requires the consent of any third person to the execution of this Agreement or the consummation of the transactions contemplated hereby.

(n) The Servicer will comply, with respect to the servicing of the Mortgage Loans as set forth in this Agreement and the other Program Documents: (i) as to the servicing of each FHA insured, or RD, HUD or VA Guaranteed Mortgage Loan, with the provisions of the Ginnie Mae Guide and all other applicable rules, regulations, policies and guidelines of Ginnie Mae; (ii) as to each FHA Insured Mortgage Loan, with the National Housing Act of 1934, as amended, all rules and regulations issued thereunder and all applicable administrative publications; (iii) as to each VA Guaranteed Mortgage Loan, with the Servicemen's Readjustment Act, as amended, all rules and regulations issued thereunder and all applicable administrative publications; (iv) as to each Conventional Mortgage Loan, with the requirements established by the applicable PMI Insurer, Fannie Mae or Freddie Mac, and with the provisions of the Pool Purchase Contract and Fannie Mae Selling and Servicing Guides or Freddie Mac Agreement; and (v) as to each Mortgage Loan, with all applicable regulations, policies and guidelines thereunder, all as provided in this Agreement or as provided in writing by the Commission.

(o) The Servicer shall maintain an errors and omissions policy to insure against claims that may arise hereunder in a face amount per occurrence of not less than the greater of the amounts that the Servicer is required to maintain by Ginnie Mae, Fannie Mae and Freddie Mac, as applicable, to act as a seller/servicer.

(p) The Servicer warrants and represents that it will use its commercially reasonable efforts to do all things that are necessary or required of it to have available from Fannie Mae commitments to issue Fannie Mae Certificates sufficient in amount to fund the anticipated needs of the Program, and the Servicer shall pay to Fannie Mae the fee for such Fannie Mae Commitments.

(q) The Servicer warrants and represents that it will use its commercially reasonable efforts to do all things that are necessary or required of it to have available commitments from Freddie Mac under its Pool Purchase Contracts sufficient to fund the anticipated needs of the Program. The Servicer shall pay to Freddie Mac the fee for such Freddie Mac commitments.

(r) If and to the extent that the Servicer and Commission agree that the Servicer shall purchase, service and pool Mortgage Loans into Ginnie Mae Certificates, the Servicer warrants and represents that it will use its commercially reasonable efforts to do all things that are necessary or required of it to have available commitments from Ginnie Mae under its Pool Purchase Contracts sufficient to fund the anticipated needs of the Program. The Servicer shall pay to Ginnie Mae the fee for such Ginnie Mae commitments.

(s) Subject to the terms hereof and the terms of the Purchase Documents, the availability of funds provided by or on behalf of the Commission and upon the satisfaction of all the conditions hereof and the Purchase Documents, the Servicer will purchase all Qualifying Mortgage Loans.

SECTION 1.03 Commission's Representations, Warranties and Covenants.

The Commission represents and warrants to, and covenants with, the Servicer that:

(a) The Commission is a governmental entity validly existing under the laws of the State of Washington. The Commission has full power and authority to consummate all transactions, execute all documents, and issue all instruments contemplated by this Agreement and the Program Documents.

(b) The execution and delivery of this Agreement and other Program Documents by the Commission and the performance of and compliance with the terms of this Agreement and the other Program Documents by the Commission will not violate any applicable rules or regulations of the Commission in any respect, or any laws in any respect that could have any material adverse effect whatsoever upon the validity, performance, or enforceability of any of the terms of this Agreement or such Program Documents.

(c) This Agreement and all documents and instruments contemplated hereby that are executed and delivered by the Commission will constitute valid, legal, and binding obligations of the Commission, enforceable in accordance with their terms, except as the enforcement thereof may be limited by applicable debtor relief laws and principles of equity.

(d) The Commission shall comply with the applicable terms and conditions contained in the Program Documents.

(e) The representations, warranties and covenants by the Commission contained in Section 2.01 of the Origination Agreements are hereby confirmed and ratified by the Commission and shall be applicable hereunder as if fully set forth herein.

(f) All proceedings legally required to be taken by the Commission in connection with the authorization and execution of this Agreement and the consummation of the transactions contemplated hereby and related hereto, and all such approvals, authorizations, consents, licenses or other orders of state or federal regulatory agencies, public boards or bodies, if any, as may be legally required to be obtained by the Commission prior to the date of this Agreement with respect to all or any of such matters, have been taken or obtained.

(g) The Commission has full legal authority to engage in the activities covered by this Agreement, and the execution and delivery of this Agreement and compliance with the terms, conditions and provisions hereof and thereof do not and will not conflict with or result in a breach of any of the terms, conditions or provisions of the charter or bylaws of the Commission, or any agreement or instrument to which it is a party or by which it is bound or any law or regulation or any administrative decree or order to which it is subject, or constitute a default thereunder.

(h) No litigation is pending or threatened against the Commission with respect to this Agreement or the consummation of the transactions contemplated hereby or thereby.

ARTICLE 2
PROGRAM ADMINISTRATION

SECTION 2.01 Overall Responsibility; Servicer's Power of Attorney.

(a) The Commission shall have general responsibility for administering the Program in accordance with the Program Documents. The Servicer shall be and is hereby irrevocably authorized and empowered by the Commission to execute and deliver for and on behalf of the Commission any and all instruments, documents and writings necessary or desirable to fulfill its duties and responsibilities hereunder.

(b) The obligations under this Agreement shall never constitute an obligation of the State of Washington within the meaning of any provision or limitation of the Constitutions or statutes of the State of Washington or the State of _________, or of any political subdivision thereof, and shall never constitute nor give rise to a pecuniary liability of the State of Washington or a charge against their general credit or taxing powers.

SECTION 2.02 Specific Responsibilities of the Commission.

The Commission shall perform the following services with respect to the administration of the Program:

(a) Reviewing of Mortgage Loan documents to determine compliance with the terms and conditions of the eligibility guidelines of the Program, as specified in the Program Manual. It shall be the responsibility of the Commission to periodically revise such guidelines as necessary; provided, that such revisions shall be consistent with the terms hereof and the Purchase Documents, and any such revisions shall be communicated in writing to the Servicer prior to their adoption and must be approved by the Servicer, which such approval shall not be unreasonably withheld;

(b) Advising each Mortgage Lender in writing on a timely basis regarding the compliance of Mortgage Loans with the eligibility guidelines of the Program, as specified in the Purchase Documents and the Origination Agreements or the action, if any, necessary to bring the Mortgage Loans into compliance with such guidelines and return to a Mortgage Lender all documentation for its Mortgage Loans determined by the Commission not to be in compliance with such guidelines;

(c) Consulting with and advising the Mortgage Lenders regarding technical questions and problems which might arise under the Program. This consultation and advice by the Commission will include developing, printing, distributing and updating the Program Manual, as promulgated by the Commission.

(d) Taking any other action which it deems necessary or appropriate in order to facilitate the implementation of the Program in accordance with the provisions of the Program Documents;

(e) Developing and implementing an education and promotion program for Mortgage Lenders to market the Program.

(f) Establishing and maintaining the first-come, first-serve reservation system described in the Program Manual and incorporated herein by this reference, as such Program Manual may be amended from time to time, by which Mortgage Lenders can, upon submission of appropriate information to the Commission, reserve on a first come, first served basis, for a period of time specified in the applicable Program Announcements, an amount representing the outstanding principal amount of a Mortgage Loan to be sold to the Servicer; and

(g) Establishing and maintaining the second lien loan acquisition program described in Exhibit A in the Mortgage Origination Agreement as Second Mortgage Loan Program incorporated herein by this reference, as such exhibit may be amended from time to time, by which Mortgage Lenders will originate second lien loans and sell them to the Servicer on behalf of the Commission (i.e., the Servicer will purchase the Second Lien Mortgage Loans from the Mortgage Lenders on behalf of the Commission and the Commission will reimburse the Servicer for Second Lien Mortgage Loans meeting Second Mortgage Loan Program Manual guidelines within thirty (30) days after the request for reimbursement and the Related Loan being sold to an entity designated by the Commission as part of a Ginnie Mae, Fannie Mae, or Freddie Mac Certificate. The price of the Second Lien Mortgage Loans will be par, or 100.00% of the unpaid principal balance of the Second Lien Mortgage Loan and no servicing release premium fee will be paid by the Servicer for the rights to service the Second Lien Mortgage Loans).

(h) If the Mortgage Lender is responsible for the initial funding of the Gift or Grant and is not reimbursed directly by the Commission, the Servicer will reimburse the Lender for the Gift or Grant on behalf of the Commission at the original amount of the Gift or Grant, contemporaneously with the Servicer's purchase of the related Mortgage Loan pursuant to the Mortgage Origination Agreement and Program Documents. The Lender shall include specific documents related to the Gift or Grant in the file delivered to the Servicer or to the Commission as directed in the Program Documents or Program Manual. Unless the Servicer is reimbursed directly from the grantor, e.g., from Fannie Mae upon sale of pooled loans, the Servicer shall request funds from the Commission no more frequently than on a weekly basis, through an itemized report, for all monies advanced to the Mortgage Lenders on behalf of the Commission for a Gift or Grant. The Commission shall reimburse the Servicer within two (2) Business Days of the request for any and all such gifts or grants regardless of the status of the Mortgage Loan under the Program.

(i) The Homeownership Division Director or Manager shall be the person responsible for Program Administration duties and the Homeownership Division Director shall be the primary contact person for the Commission; such person shall have the appropriate authority to respond to reasonable requests and inquiries of the Commission.

SECTION 2.03 Commission-Servicer Coordination.

The Servicer and the Commission acknowledge the need to coordinate, to the extent reasonably possible, their independent actions to promote and facilitate the Program consistent with their respective responsibilities. To this end, the Servicer and the Commission agree as follows:

(a) The Commission reserves the right to modify Program guidelines; provided, that such modifications are communicated in writing to the Servicer and approved by the Servicer before notification to the Mortgage Lenders. Such approval shall not be unreasonably withheld so long as such modifications are consistent with the Program Documents, do not make it materially more difficult to originate and service Mortgage Loans or materially increase the burden of work on the Servicer, unless such modifications are required by State or federal laws. All such modifications shall be made in writing by the Commission and approved by the Servicer, which such approval shall be withheld. Under no circumstances will the Servicer be required to make credit or property underwriting decisions.

(b) The Commission reserves the right to direct Mortgage Loans to Servicer or an alternate servicer as described in Section 8.15 hereof.

(c) Routine informational inquiries by the Mortgage Lenders or the public may be responded to by the Commission or referred by the Commission to the Servicer.

(d) The Commission reserves the right to audit individual Mortgage Files and the performance of the Servicer with respect to the Program at the Commission's own expense. The Servicer shall provide reasonable access to its Program files for such purposes within regular business hours. Upon the Commission's receipt of a complaint regarding the handling of a Mortgage Loan, the Commission shall consult with the Servicer if the Commission deems such consultation appropriate, but a copy of any written communication sent in response to a complaint shall be sent to the Servicer.

(e) All announcements regarding the guidelines of the Program shall be approved by both the Commission and the Servicer, and such approval, after a reasonable opportunity for review and comment, shall not be unreasonably withheld.

(f) The Servicer shall have no responsibility for coordinating or presenting Homebuyer Education Classes.

SECTION 2.04 Review of Mortgage File; Purchase by Servicer.

(a) Upon receipt of a Mortgage File by the Commission, the Commission shall review and process the Mortgage Loan in accordance with the Program Documents. After reviewing the Mortgage File, and based solely upon the documents contained therein and such other documents or certificates as are deemed necessary by the Commission, if the Mortgage Loan is qualified for purchase under the Origination Agreements, the Commission shall provide notice to the Servicer via the Commission's on-line reservation and tracking system that the Mortgage File is approved for purchase.

(b) The Servicer shall have the following obligations and authority:

(1) Acquire Mortgage Loans on behalf of the Commission on a Business Day basis.

(2) Within ten (10) Business Days of the delivery of a Mortgage File to the Servicer, determine whether a Mortgage Loan is a Qualifying Mortgage Loan and advise the Commission and Mortgage Lender in writing of the deficiencies therein.

(3) Review corrections to the Mortgage File within five (5) Business Days of receipt of all corrections to the Mortgage File.

(4) Maintain a toll free telephone number available to the Mortgage Lenders from 8:00 a.m. to 4:30 p.m., Seattle time continuously, on all Business Days for the purpose of answering questions from Mortgage Lenders regarding their Mortgage Files.

(5) In the event that Mortgage Loan purchases are delayed due to the Servicer's inaction or delay, and the Mortgage Lender is charged a late fee, the Servicer shall reimburse the Mortgage Lender for the actual late fee.

(6) Commission shall give the final approval notice to the Servicer and Mortgage Lenders as provided in Section 2.04 above and in the Mortgage Origination Agreements.

SECTION 2.05 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 Mortgagor and the purchaser desires to assume all the rights and obligations of the Mortgagor under the Mortgage Loan, the Servicer shall enter into an assumption agreement with the person to whom such property has been or is about to be conveyed; provided, that the assumption complies with the assumption restrictions contained in the Mortgage. The foregoing assumption restrictions (as well as any additional assumption restrictions required by FHA, RD, VA, the PMI Insurer, Fannie Mae or Freddie Mac, as applicable) shall be incorporated in the related Mortgage and kept as a part of the Mortgage File. In connection with any such assumption agreement, the interest rate of the related Mortgage Note shall not be changed; however, the Servicer may charge in connection with each assumption to the extent permitted by law or regulations of FHA, RD, VA, Fannie Mae or Freddie Mac, as applicable, a fee, which does not exceed the customary application fee for the assumption of mortgage loans, plus the reasonable and customary out-of-pocket costs paid or incurred by the Servicer.

Second Lien Mortgage Loans are not assumable.

An assumption shall be approved only if the following conditions are met:

(a) if such approval is required, FHA, VA, RD or the PMI insurer, as applicable, and Ginnie Mae, Fannie Mae or Freddie Mac, as applicable, have approved such conveyance and the Mortgage Loan shall continue to be insured by FHA, guaranteed by VA or insured by the PMI Insurer, as applicable;

(b) the new Mortgagor and the former Mortgagor have executed the documents set forth in the Program Manual;

(c) the eligibility requirements of the Program as set forth in the Program Manual are met with respect to such assumption, based upon the facts as they exist at the time of the assumption as if the Mortgage Loan were being made for the first time, as such facts are determined in accordance with the Program Manual;

(d) the new mortgagor shall have submitted a VA Guaranty Applicant's Certificate of Understanding and Consent, a Mortgagor's Certificate Regarding FHA Insured Home Mortgage or approval of assumptions by the PMI Insurer, RD or HUD, or comparable certificates, as appropriate, in the forms contained in the Program Manual.

If the Servicer determines that property subject to a Mortgage Loan or Second Lien Mortgage Loan has been conveyed by a Mortgagor and that the above conditions (a) through (d) are not satisfied, the Servicer shall give notice thereof to the Commission. If the Servicer believes that some action other than foreclosure can be taken so as to enable it to consent to the transfer of the Single-Family Residence and such action is acceptable to Ginnie Mae, Fannie Mae, Freddie Mac, RD or HUD, as applicable, it shall so advise the Commission and cause such action to be taken or not, as the case may be, at the direction of the Commission. If no such action can be taken, the Servicer shall so advise the Commission, shall take any and all steps necessary to secure all benefits payable under the FHA Insurance, the VA, HUD or RD Guaranty or the private mortgage guaranty insurance of the PMI Insurer, as applicable, and shall commence foreclosure proceedings in accordance with FHA, VA, RD, HUD and PMI Insurer procedures, as applicable.

SECTION 2.06 Liability of the Servicer for Expenses.

Unless otherwise specified herein (including Section 4.05), the Servicer shall be required to pay all expenses incurred by it in connection with its activities hereunder and shall not be entitled to reimbursement therefor, except as may be reimbursed by Ginnie Mae, Fannie Mae, Freddie Mac, FHA, VA, RD or HUD, as applicable. The Servicer shall not be responsible for the expenses of the Commission or its staff or any other persons involved in the Program in connection with the Servicer's activities hereunder other than as provided for herein.

SECTION 2.07 Reserved.

SECTION 2.08 Reports to the Commission.

(a) Standard Reports to the Commission. The Servicer agrees to prepare and submit, or make available online within the Servicer's website, to the Commission (to the attention of the Senior Director, Finance) the following reports:

(1) to the Commission only, on a weekly basis during the Origination Period, a report of Mortgage Loans purchased as required in Section 4.04 hereof, a report including the name of the Mortgagor, the name of the Mortgage Lender, the purchase date of each Mortgage Loan, the principal balance of each Mortgage Loan at purchase, the amount of Servicing Release Premium, if applicable paid to the Commission, the totals for *PHAN*A/RD/HUD and for Conventional Mortgage Loans, by interest rate;

(2) on or before the twentieth (20th) calendar day of each month during the term of the Program, the Commission's monthly remittance advice forms with respect to FHA/RD/HUD Mortgage Loans (Form HUD 11710A) and Conventional Mortgage Loans indicating summary information with respect to the current month's account transactions;

This information is to include the following:

(A) breakdown by each Ginnie Mae Certificate, in a format substantially similar to HUD Form 11710A and, if applicable, each Fannie Mae Certificate and Freddie Mac Certificate, of monthly payments by the amount representing scheduled interest, scheduled regular principal payments and prepayments on which principal has been prepaid such that under the Ginnie Mae Guide or the Fannie Mae Selling and Servicing Guide or the Freddie Mac Agreement, such principal must be paid to the holder of the Ginnie Mae Certificate, Fannie Mae Certificate or Freddie Mac Certificate;

(B) an aggregate summary of data for all Certificates sold pursuant to this Agreement in a format acceptable to the Commission; and a summary of the above information for the period ending December 31 of each year for the preceding twelve (12) months;

(3) on or before one hundred-twenty (120) days after the end of the Servicer's fiscal year (which presently ends on June 30) during the Program, at the Servicer's expense:

(A) an opinion by a firm of independent certified accountants on the financial position of the Servicer at the end of its fiscal year, and the results of operations and changes in financial position for such year then ended on the basis of an examination conducted in accordance with generally accepted auditing standards;

(B) upon the written request of the Commission, a statement from an independent certified public accountant concerning compliance with servicing standards on the basis of an examination conducted substantially in compliance with the audit program for mortgages serviced for Fannie Mae or Freddie Mac, the

United States Department of Housing and Urban Development Mortgagee Audit Standards, or the Uniform Single Audit Program for Mortgage Bankers, except for (i) such exceptions as such firm shall believe to be immaterial; and (ii) such other exceptions as shall be set forth in such statement and reasonably acceptable to the Commission;

(C) a statement, certified by an authorized officer of the Servicer stating that, to the best of such officer's knowledge, upon reasonable investigation, the Servicer's servicing of the Mortgage Loans has been conducted in compliance with this Agreement and the other Program Documents except for such exceptions as such officer shall believe to be immaterial and such other exceptions as shall be set forth in such statement, and

(D) a certificate of an authorized officer of the Servicer stating that (1) a review of the activities of the Servicer during the preceding year with respect to performance under this Agreement has been made under such officer's supervision, and (2) to the best of such officer's knowledge, based on such review, there is, as of such date, no default by the Servicer in the fulfillment of any of its obligations under this Agreement or the Other Program Documents, or, if there is any such default known to such officer, specifying each such default and the nature and status thereof; and

(4) such other reports relating to the Program as the Commission may reasonably request.

(l.,) Future Reports to the Commission. The Servicer will commence preparing and submitting, or making available online within the Servicer's website, to the Commission (to the attention of the Senior Director, Finance) a daily status report (by electronic means satisfactory to the Commission) by 9:00 a.m. (Seattle time) each Business Day morning with loans purchased and pooled to date and current status of loans in the portfolio.

(c) Miscellaneous. On an ongoing basis, so long as any Mortgage Loan remains outstanding, the Servicer shall, upon request by the Commission, provide to the Commission copies of the most recent reports submitted to Ginnie Mae (if applicable), and to Fannie Mae and Freddie Mac, for all Certificates delivered pursuant to this Agreement (unless prohibited by Ginnie Mae, Fannie Mae or Freddie Mac, as applicable).

ARTICLE 3
PURCHASE OF CERTIFICATES; PURCHASE BY COMMISSION

SECTION 3.01 Purchase of Fannie Mae Certificates and Freddie Mac Certificates.

The Servicer will purchase Mortgage Loans for pooling into Fannie Mae Certificates or Freddie Mac Certificates in accordance with the following provisions.

(a) The following procedures govern the issuance of Fannie Mae or Freddie Mac Certificates by the Servicer pursuant to this Agreement. The parties acknowledge that the procedures, guidelines and policies of Fannie Mae or Freddie Mac may be amended or modified in the future to such an extent that it may become impractical or impossible for the Servicer to perform pursuant to this Agreement, in which event the Servicer shall not be held responsible for such failure to perform and the Commission shall have the right to terminate this Agreement with respect to Fannie Mae or Freddie Mac Certificates to be issued thereafter; provided that to the extent permitted by Fannie Mae or Freddie Mac the Servicer shall retain its servicing rights to the Mortgage Loans relating to the Fannie Mae or Freddie Mac Certificates previously issued pursuant to this Agreement and shall continue to service such Mortgage Loans and receive the Servicing Fee subject to the payment to the Commission of the Commission Fee on an ongoing basis.

(b) Subject to the terms and conditions hereof, the Servicer shall comply with the terms of the Origination Agreements and Program Documents and use its commercially reasonable efforts to acquire Mortgage Loans in accordance with the terms of this Agreement, the other Program Documents and the Fannie Mae Selling and Servicing Guide and Freddie Mac Agreement and pool such Mortgage Loans into Certificates for delivery to an entity designated by the Commission. The Servicer shall pay all fees required in connection with the issuance of Certificates.

(c) The Servicer shall comply with the terms of the Program Documents and use commercially reasonable efforts to acquire the Mortgage Loans and cause the aggregation of Mortgage Loans to occur in order to enable the formation of a Pool in as expeditious a manner as possible. The Servicer shall pool the loans in accordance to pooling instructions provided by the Commission or the entity designated on Appendix A. Upon issuance of the Fannie Mae and Freddie Mac Certificate, the Servicer shall deliver such Certificates on the established and agreed upon settlement date to the entity designated by the Commission in accordance with Appendix A (which entity has the full legal power and authority to purchase and receive such Certificates on behalf of the Commission), as such appendix may be updated or substituted from time to time.

(d) In the event that the Servicer has Conventional Mortgage Loans in a sufficient aggregate principal amount to constitute a Pool and thereafter, to cause the issuance of a Fannie Mae or Freddie Mac Certificate with respect to such Pool, the Servicer shall aggregate all such Mortgage Loans to form such Pool and shall submit an appropriate application to Fannie Mae or Freddie Mac for the issuance of such Fannie Mae or Freddie Mac Certificate in accordance with this Agreement.

(e) The Servicer will ensure that the Program shall have at least equal priority with other activities of the Servicer with respect to any of its loan purchase activities for loans of a similar nature.

(f) Pursuant to the current standards and policies of Fannie Mae and Freddie Mac as set forth in the Fannie Mae Selling and Servicing Guides and the Freddie Mac Agreement, the Servicer may provide for the issuance of Fannie Mae or Freddie Mac Certificates by purchasing Mortgage Loans to be delivered to Fannie Mae or Freddie Mac to constitute Pools in a minimum original outstanding principal amount of Two Hundred and Fifty Thousand Dollars ($250,000), or such lesser amount as may be permitted or approved by Fannie Mae or Freddie Mac, respectively. The total principal amount of any issue of Fannie Mae or Freddie Mac Certificates shall not be less than the aggregate unpaid principal balances of Mortgage Loans in the Pool as of the issue date of the Certificate.

(g) All Fannie Mae Certificates may, in the Servicer's discretion, be issued with the Special Servicing Option (as defined in the Fannie Mae Selling and Servicing Guides).

SECTION 3.02 Purchase of Ginnie Mae Certificates.

The following procedures govern the issuance of Ginnie Mae Certificates by the Servicer pursuant to this Agreement. The parties acknowledge that the procedures, guidelines and policies of Ginnie Mae, FHA, VA, HUD and RHS may be amended or modified in the future to such an extent that it may become impractical or impossible for the Servicer to perform pursuant to this Agreement, in which event the Servicer shall not be held responsible for such failure to perform and the Commission shall have the right to terminate this Agreement with respect to Ginnie Mae Certificates to be issued thereafter; provided that to the extent permitted by Ginnie Mae the Servicer shall retain its servicing rights to the Mortgage Loans relating to Ginnie Mae Certificates previously issued pursuant to this Agreement and shall continue to service such Mortgage Loans and receive the Servicing Fee subject to the payment to the Commission on an ongoing basis

(a) Following the Servicer's periodic purchase of FHA Insured, VA or RD or HUD Guaranteed Mortgage Loans pursuant to the Purchase Documents, the Origination Agreements and the Program Manual, the Servicer shall prepare a package of the documents for such Mortgage Loans and submit such documentation to Ginnie Mae or its agents for review. Following satisfactory review by Ginnie Mae or its agent of the pool documentation package, the Servicer shall cause a Ginnie Mae Certificate (pooled pursuant to the concurrent dates method as specified in the Ginnie Mae Guide) be issued in the same principal amount as the outstanding principal amount of FHA Insured and VA, RD or HUD Guaranteed Mortgage Loans represented by the pool documentation package in accordance with pooling instructions provided by the Commission or the entity designated on Appendix A. Upon issuance of the Ginnie Mae Certificate, the Servicer shall deliver such Ginnie Mae Certificate on the established and agreed upon settlement date to the entity designated by the Commission in accordance with Appendix A (which entity has the full legal power and authority to purchase and receive such Certificates on behalf of the Commission), as such appendix may be updated or substituted from time to time.

(b) Except as necessary to form a final pool that will include all Federal Mortgage Loans acquired by the Servicer, the Servicer shall pool Mortgage Loans on a monthly basis subject to the minimum pool sizes for Ginnie Mae Certificates.

(c) Pursuant to the current standards and policies of Ginnie Mae as set forth in the Ginnie Mae Mortgage-Backed Securities Guide, the Servicer may provide for the issuance of Ginnie Mae Certificates by pooling Mortgage Loans to constitute Pools in a minimum principal face amount of one million dollars ($1,000,000) in accordance with Ginnie Mae guidelines, unless the Commission is not reasonably able to cause sufficient origination of Qualifying Mortgage Loans to meet this requirement. The total principal face amount of any issue of Ginnie Mae Certificates shall not exceed the aggregate unpaid principal balances of Mortgage Loans in the Mortgage Pool.

(d) The Servicer shall be required to pay a nonrefundable fee in connection with the submission of the appropriate application to Ginnie Mae for a commitment for the guaranty by Ginnie Mae of the issuance of each Ginnie Mae Certificate.

SECTION 3.03 Sale of Fannie Mae Certificates, Ginnie Mae Certificates and Freddie Mac Certificates.

(a) The Commission hereby agrees and authorizes the sale of the Fannie Mae Certificates, Freddie Mac Certificates, and Ginnie Mae Certificates, to the entity designated by the Commission in accordance with Appendix A.

(b) Simultaneous with the issuance and delivery by the Servicer of the Fannie Mae Certificates, Ginnie Mae Certificates and Freddie Mac Certificates and the other documents required to be delivered to the entity designated by the Commission in accordance with Appendix A, the Commission shall pay the Servicer the Certificate Price and any related Servicing Release Premium, which shall be subject to repayment of any warehouse loan.

SECTION 3.04 [Reserved].

SECTION 3.05 Purchase Event with respect to Mortgage Loans or Certificates.

(a) The Servicer will provide prompt written notice to the Commission of the occurrence of any of the following events (a "Purchase Event"):

(1) A Mortgage Lender foils for any reason (including without limitation financial inability, regulatory restrictions or cessation of business operations) to repurchase a Non-Qualifying Mortgage Loan or Defective Mortgage Loan from the Servicer in accordance with the requirements of Section 4.12 of the Origination Agreements.

(2) The Servicer has delivered a Certificate in accordance with Commission instructions, but the purchase price for the Certificate is not paid to the Servicer for any reason as and when required by Article 3 of this Agreement.

(b) The Commission will use its best efforts to cure, or to cause to be cured, any Purchase Event, within ten (10) days after the Commission's receipt of written notice of its occurrence from the Servicer. The Commission hereby covenants and agrees that, if any Purchase Event cannot be cured within such 10-day period, the Commission will, not later than three (3) Business Days after expiration of the 10-day period, purchase with immediately available moneys the related Mortgage Loan or Certificate from the Servicer at the following prices:

(1) With respect to Mortgage Loans affected by a Purchase Event described in Section 3.05(a)(l), at a price equal to the price otherwise due from the Mortgage Lender to the Servicer with respect to such Mortgage Loan under Section 4.12 of the Origination Agreement, including without limitation refunds of Servicing Release Premiums.

(2) With respect to Certificates affected by a Purchase Event described in Section 3.05(a)(2), at a price equal to the par amount of the Certificate, plus accrued interest payable thereunder (or alternatively, at the option of the Servicer, at a price equal to par

with the Commission's waiver of any right to receive any interest paid or payable under the Certificate from the date it is issued to and including the date it is purchased by the Commission from the Servicer).

(3) If any fee is assessed by Ginnie Mae, Fannie Mae or Freddie Mac, as the case may be, with regard to a Purchase Event, the Commission will reimburse the amount of the fee to the Servicer.

(c) In the event of a Purchase Event described in Section 3.05(a)(2) (i.e., failure to pay the purchase price for a Certificate), the Commission may direct the Servicer to deliver such Certificate on the Commission's behalf at a price to be consented to by the Commission; provided, however, that (1) any such delivery shall be conducted, at the Commission's sole cost and expense, in compliance with applicable securities laws, and (2) if and to the extent that such delivery results in payment for any Certificate of less than would have been received for such Certificate upon a delivery pursuant to Appendix A, the Commission shall reimburse the Servicer in the amount of any such shortfall. If a sale under this subparagraph (c) cannot be accomplished within ten (10) days after the date of the Purchase Event, the Commission shall purchase the affected Certificates from the Servicer in accordance with Section 3.05 within three (3) Business Days after written demand from Servicer.

(d) The purchase price for the affected Mortgage Loan or Certificate shall be delivered by the Commission to the Servicer in immediately available funds. Upon payment of the purchase price of a pooled Mortgage Loan by the Commission following a Purchase Event described in Section 3.05(a)(l), the Servicer shall notify the Custodian under the Custodial Agreement to endorse the related Mortgage Note and assign the Mortgage to the Commission, and the Servicer will continue to service the Mortgage Loan and any related Second Lien Mortgage Loan on behalf of the Commission. The Servicer will also forward to the Commission, within ten (10) days after receipt of the amounts required for purchase of a Mortgage Loan or Certificate, the amount of any tax and insurance escrow held by the Servicer for such Mortgage Loan.

(e) The Commission hereby covenants and agrees that if it has failed to purchase a Mortgage Loan or Certificate that is affected by a Purchase Event within the time required by the Origination Agreements after receipt of requisite notice hereunder, the Servicer shall have the following rights and remedies:

(1) The Servicer may elect in its sole discretion (but shall not be obligated) to foreclose on (if available under the deed of trust) or sell the affected Mortgage Loan, and the Commission will cooperate fully with the Servicer in any such foreclosure action or sale. If the Servicer exercises this option, the Commission hereby covenants and agrees to indemnify and hold Servicer harmless from any and all losses or expenses incurred as the result of a foreclosure or sale of such Mortgage Loan.

(2) The Servicer may reduce the amount of any payment due to the Commission under the Program Documents by an amount equal to the amount due to the Servicer in connection with the Purchase Event under this Section 3.05. If the Servicer elects to exercise its right to net fund under this paragraph, the Servicer shall deliver the Mortgage File with respect to each affected Mortgage Loan or shall assign ownership of the affected

Certificate, as applicable, to the Commission within the time otherwise required under the Program Documents for purchased Mortgage Loans.

(3) The Servicer may suspend its purchase of Mortgage Loans and Certificates under the Program Documents unless and until the Commission has purchased the affected Mortgage Loans or Certificates, as applicable, under the terms of the Program Documents.

(f) The Commission hereby waives any statute of limitations or other law that might otherwise be raised as a defense to any obligation on the part of the Commission to purchase a Mortgage Loan or a Certificate under this Section 3.05 or to the Servicer's exercise of the right to net fund as described in the foregoing paragraph.

(g) Notwithstanding any other provision of this Section 3.05, the Servicer's receipt of the full purchase price for a Certificate in accordance with Article 3 of this Agreement shall terminate the Commission's obligation under this Section 3.05 to purchase that Certificate or any of the Mortgage Loans for which the Certificate was issued.

ARTICLE 4
SERVICING

SECTION 4.01 Servicer's Duties and Responsibilities.

(a) From and after the acquisition of a Mortgage Loan by the Servicer, the Servicer shall service, or cause to be serviced, such Mortgage Loan and shall have full power and authority, acting alone, to take such actions as may be necessary to discharge its duties with respect to such servicing, which power and authority shall include: (i) the right to execute and deliver customary consents or waivers and other instruments and documents required in the performance of those duties; (ii) the right to consent to renewals and extensions of the Mortgage Loans, transfers of the property encumbered by the Mortgages and/or assumptions of the Mortgage Notes and related Mortgages pursuant to the Program Documents; (iii) the right to execute releases from liability of any seller of property encumbered by the Mortgages (in the manner hereinafter provided); (iv) the right to collect any insurance proceeds; and (v) the right to effectuate foreclosure or other conversion of the ownership of the property subject to the Mortgages, provided that the consummation of the foregoing shall not be inconsistent with or prejudice the rights and interest of FHA, VA, RD, HUD and Ginnie Mae in the case of FHA Insured or VA, RD or HUD Guaranteed Mortgage Loans or the rights and interest of the applicable PMI Insurer and Fannie Mae or Freddie Mac in the case of conventional Mortgage Loans or the Commission under the Program Documents or the Pool Purchase Contract.

(b) After the Purchase Date with respect to each Certificate, the Mortgage Loan servicing and related activities of the Servicer hereunder shall be governed by the provisions of the Ginnie Mae Guide, Fannie Mae Selling and Servicing Guide or Freddie Mac Agreement, as applicable. The Servicer shall and is hereby irrevocably authorized and empowered by the Commission to make and deliver instruments, or cause such instruments to be made and delivered, for and on behalf of and in the name of the Commission as may be necessary to consummate the foregoing. In addition, the Servicer shall perform its duties set out in the Origination Agreements and Pool Purchase Contract, including, but not limited to, assistance in any reallocation of

Mortgage Loan origination rights, participation in Mortgage Loan assumptions by eligible Mortgagors, foreclosure on Non-Qualifying Mortgage Loans or causing Mortgage Lenders to reacquire Non-Qualifying Mortgage Loans and keeping and reporting regularly to the Commission with respect to origination of Mortgage Loans and acquisition of Certificates during the Origination Period.

(c) Notwithstanding anything to the contrary contained in this Agreement, Servicer shall perform all loan servicing duties relating to the Mortgage Loans in accordance with, as applicable (i) the guidelines and requirements of Ginnie Mae, Fannie Mae, Freddie Mac, the FHA, VA, HUD or RD; (ii) the Seller Guide; (iii) the requirements of the Consumer Financial Protection Bureau; (iv) applicable law (clauses (i) through (iv) are collectively referred to as the "Applicable Requirements"); and (v) to the extent not inconsistent with the Applicable Requirements, the other Program Documents.

SECTION 4.02 Servicing Standards.

(a) With respect to all Mortgage Loans, the Servicer agrees to service, or cause to be serviced, such Mortgage Loans in accordance with this Agreement and with the applicable requirements of the Ginnie Mae Guide and FHA, VA, HUD or RD, as applicable, or Fannie Mae Selling and Servicing Guides or Freddie Mac Agreement and requirements of the PMI Insurer as applicable, and as if being serviced for its own account. The Servicer will provide prompt monthly principal and interest payments to the owners of the Certificates, as appropriate, in accordance with and under the terms of the Certificates and will render reports, as required hereunder, to the Commission and Ginnie Mae and/or Fannie Mae or Freddie Mac with respect to the status of the Program.

(b) The Servicer shall use its commercially reasonable efforts to obtain compliance by the Mortgagor with all applicable provisions and requirements of (i) the Mortgage Note and the Mortgage and (ii) FHA, VA, Ginnie Mae, Fannie Mae, Freddie Mac, HUD, RD and the PMI Insurer, as applicable, to maintain the insurance or guaranty in full force and effect. In addition, the Servicer shall provide to FHA, VA, HUD, RD or the PMI Insurer any and all notices required as a condition of the payment of all benefits. All premiums advanced by the Servicer in maintaining any such insurance shall be added to the amount owing under the Mortgage Loan where the terms of the Mortgage Loan or Second Lien Mortgage Loan so permit.

(c) If the Commission reasonably determines that the Servicer is not in substantial compliance in all material respects with the aforementioned servicing standards in connection with the servicing of substantially all of the Mortgage Loans it may elect to terminate the Servicer for cause pursuant to Section 6.01 hereof. To the extent the requirements of this Agreement conflict with the FHA, VA, RHS, HUD, Ginnie Mae, Fannie Mae or Freddie Mac guidelines or regulations, such guidelines or regulations shall control. If the Commission reasonably determines that the Servicer is not in substantial compliance in all material respects with respect to only a minor portion of the Mortgage Loans then being serviced by Servicer under this Agreement, then the Commission may terminate the servicing by Servicer only for such Mortgage Loans.

SECTION 4.03 Reserved.

SECTION 4.04 Acquisition and Sale Prices.

The Servicer shall acquire Mortgage Loans from Mortgage Lenders pursuant to the Program Documents and sell each Certificate to the entity designated by the Commission pursuant to Appendix A and in consideration of its being designated as Servicer hereunder and delivery of this Agreement shall pay to the Commission the Servicing Release Premium (excluding Second Lien Mortgage Loans), if applicable.

SECTION 4.05 Compensation and Expenses for Servicing; Fees to Borrowers Warehousing.

[Reserved]

SECTION 4.06 Servicing of Second Lien Mortgage Loans.

With respect to all Second Lien Mortgage Loans intended to be purchased by the Servicer on behalf of the Commission, the Servicer agrees as follows:

(a) The Servicer shall service all Second Lien Mortgage Loans assigned to it by a Lender and shall also service any Related Loans. The Servicer shall have full power and authority, acting alone, to do any and all things in connection with such servicing which it may deem necessary or desirable, and will exercise at least the same degree of care that the Servicer exercises with respect to the servicing of mortgage loans for the Servicer's own account.

(b) The Servicer may purchase Second Lien Mortgage Loans in conjunction with the purchase of the Related Loan.

(c) Subject to Section 4.07 hereof and the next paragraph, the Servicer shall take steps, actions and other proceedings consistent with customary practices in the mortgage servicing industry for the enforcement of all terms, covenants and conditions of all Second Lien Mortgage Loans, including the prompt payment of all Second Lien Mortgage Loan principal and interest payments and all other amounts due thereunder (including payments on any insurance policies or proceeds received in connection with the foreclosure of any such Second Lien Mortgage Loan).

(d) Except as otherwise provided herein (including any loss mitigation activities provided in connection with a Related Loan), the Servicer shall not release the obligations of any Mortgagor under any Second Lien Mortgage Loan, provided that this provision shall not be construed to prevent the Servicer from settling, in case of a default in payment thereof, any Second Lien Mortgage Loan on such terms as the Servicer shall determine (with the prior written consent of the Commission). The Servicer shall not consent to any changes in the terms and conditions of any Second Lien Mortgage Loan, the assignment of a Second Lien Mortgage Loan, the release of the Single-Family Residence from the lien of a Second Lien Mortgage or the grant of an easement or right of way upon property securing a Second Lien Mortgage Loan, except as otherwise provided herein (including any loss mitigation activities provided in connection with a Related Loan) or at the direction of the Commission.

(e) The Servicer shall, and is hereby authorized and empowered by the Commission to, execute and deliver, in the Servicer's own name as servicer to the Commission, with respect to the Second Lien Mortgage Loans and with respect to the properties subject to the Mortgages securing the Second Lien Mortgage Loans, any and all instruments, documents and writings necessary or desirable to file all claims and initiate all proceedings, by foreclosure or otherwise, necessary or appropriate to realize upon the insurance policies and property securing any Second Lien Mortgage Loans or in satisfaction, cancellation, or in partial or full release or discharge of, such Second Lien Mortgage Loans except in the event of a short sale, which shall be approved in advance and in writing by the Commission. In order to facilitate such foreclosure and solely for that purpose, the Commission hereby agrees to execute an assignment (in form satisfactory to the Servicer, but without representation, recourse or warranty) to the Servicer of any Second Lien Mortgage Loan for which the Commission is listed as the Loan beneficiary and on which the Servicer has recommended commencement of foreclosure proceedings, within a reasonable period following the Commission's receipt of written notice from the Servicer.

(f) Each Second Lien Mortgage Loan shall be serviced by the same entity which services any Related Loans. The Mortgagor shall be provided with a single consolidated monthly statement requesting a single payment, which payment shall include the payments due on any Related Loans and the Second Lien Mortgage Loan. If a Mortgagor elects to have withdrawals for payments with respect to both Mortgagor's Related Loan and Second Lien Mortgage Loan under an electronic payments system, the Servicer may draw on the Mortgagor's amount separately for payments due with respect to the Related Loan and Second Lien Mortgage Loan provided the Servicer does so contemporaneously.

(g) The Servicer will not permit a Mortgagor to implement an electronic payment system for any Related Loan unless the payments for any Second Lien Mortgage Loan are also made through such electronic payment system.

(h) The Servicer agrees to service such Second Lien Mortgage Loan in accordance with this Agreement.

(i) If the Servicer receives from the Mortgagor an amount less than that required to fulfill both the payment to the Second Lien Mortgage Loan, any tax and/or insurance impounds and any Related Loan, then the Servicer shall (in the absence of written instructions to the contrary from the mortgagor) first apply the amount received towards the amount due on any Related Loans, then apply any remaining amounts to tax and/or insurance impounds owing and delinquent, and then apply any remaining amounts towards the amounts then due on the Second Lien Mortgage Loan, subject to any applicable laws or regulations.

(j) Unless the Commission instructs the Servicer to the contrary, in the event of a default in a Second Lien Mortgage Loan without a default in payment of any Related Loan (including and required tax and/or insurance impounds), the Servicer shall not foreclose a Second Lien Mortgage Loan unless there is a subsequent default and foreclosure of any Related Loans. Payments due under the defaulted Second Lien Mortgage Loan shall accrue until such time as the Second Lien Mortgage Loan is discharged by payment, prepayment, foreclosure, sale after conveyance by deed in lieu of foreclosure or other termination in accordance with the terms of the Second Lien Mortgage Loan. In such circumstance where the payment obligations under the Related Loan are current, the Servicer shall (unless otherwise bound by written instructions from the Mortgagor) apply all additional moneys received from the Mortgagor first to pay off the outstanding principal balance of the Second Lien Mortgage Loan and then any remaining amounts shall be applied towards the outstanding principal balance of any Related Loan, subject to any applicable laws or regulations.

(k) The Servicer is required to ensure that each Mortgagor obtain, maintain and pay all premiums for a Standard Hazard Insurance policy on the Home, in an amount which is not less than the maximum insurable value of the Single-Family Residence or the combined unpaid principal balances of any Related Loan and the Second Lien Mortgage Loan, whichever is less.

(1) Following the purchase of Second Lien Mortgage Loans by the Servicer on behalf of the Commission, the Servicer shall collect and will remit payments actually received by the Servicer through the twentieth of each month for the Second Lien Mortgage Loans to the Commission, within five (5) Business Days after the twentieth of each month as long as any Second Lien Mortgage Loans are outstanding. A monthly remittance report reflecting collection activity through the twentieth of each month will be provided with each payment and shall include: the

Commission loan number, borrower name, principal and interest payment detail and total payment for each loan.

(m) The Servicer declares that it will hold the Second Lien Mortgage Loans and any amendments, replacements or supplements thereto, as well as any other assets and delivered to the Servicer, in trust upon and subject to the conditions set forth herein on behalf of, and for the benefit of, the Commission.

(n) The Servicer shall (i) segregate the Second Lien Mortgage Loans from all other mortgages and mortgage notes and similar records in the Servicer's possession; (ii) identify the Second Lien Mortgage Loans as being held and hold the Second Lien Mortgage Loans for and on behalf of the Commission; (iii) maintain accurate records pertaining to each Second Lien Mortgage Loan; and (iv) maintain the Second Lien Mortgage Loans held by it under this Agreement in such a manner as shall enable the Commission and the Servicer to verify the accuracy of such record keeping and physical possession. The Servicer will promptly report to the Commission any failure on its part to hold the Second Lien Mortgage Loans as herein provided and promptly take appropriate action to remedy any such failure.

(o) The Servicer shall, on or before the fifth day of each month, file with the Commission a report of the Servicer, with loan level detail, setting forth with respect to the preceding calendar month unpaid principal balances. This report is to be provided in an electronic format that is suitable for importing into a program such as Excel and shall include: the Commission loan number, the Servicer loan number, borrower and co-borrower name, second lien program name, interest rate, current unpaid principal balance, expected principal and interest payment amounts and delinquency information.

(p) The Servicer shall foreclose on Second Lien Mortgage Loans in accordance with the terms of the related promissory note. All Second Lien Mortgage Loans junior to an FHA Insured Loan, a VA Guaranteed Loan or a USDA-RD Guaranteed Loan shall be foreclosed in the manner prescribed by FHA, VA, USDA-RD, Freddie Mac or Fannie Mae, respectively.

SECTION 4.07 Procedure on Default Under Second Lien Mortgage Loan.

In the event that any payment due under a Second Lien Mortgage Loan is not paid when the same becomes due and payable, or in the event the Mortgagor fails to perform any other covenant or obligation under the Second Lien Mortgage Loan and such failure continues beyond any applicable grace period, the Servicer shall, with the prior written consent of the Commission except in instances where the Servicer reasonably believes the exigency of the circumstances require action prior to obtaining consent, take such action as it shall deem to be in the best interest of the Commission to collect or liquidate such Second Lien Mortgage Loan in default in a manner that in the reasonable judgment of the Servicer will be likely to maximize the net proceeds realizable therefrom under the circumstances. In connection with any collection or liquidation activities, the Servicer shall exercise collection or liquidation procedures with the same degree of care and skill as it would exercise or use under the circumstances in the conduct of its own affairs. Upon receipt of any proceeds received pursuant to this Section, Servicer shall deliver any such proceeds to the Commission.

ARTICLE 5
THE SERVICER

SECTION 5.01 Limitation on Liability of Directors, Officers, Employees and Agents of the Servicer.

No director, officer, employee or agent of the Servicer shall be under any personal liability to the Commission for any action taken in good faith or for refraining from the taking of any action in good faith pursuant to this Agreement, or for errors in judgment.

SECTION 5.02 The Servicer's Right to Terminate With Cause.

(a) Except as set forth in Section 5.03 hereof, the Servicer shall not resign from the obligations and duties hereby imposed on it except (i) upon determination that its duties hereunder are no longer permissible under applicable law or regulation, (ii) with respect to the acquisition of Mortgage Loans and the sale of Certificates, as a result of changing market conditions, (iii) in the event that the Commission makes programmatic changes in connection with the Program that the Servicer determines in its sole discretion will materially increase Servicer's burden or cause it hardship in performing its duties under this Agreement, (iv) in the event that market conditions materially increase Servicer's burden or cause it hardship in performing its duties under this Agreement or (v) the party designated to acquire Certificates in accordance with Appendix A has failed to honor its contract to acquire such Certificates in accordance with Article 3 of this Agreement. Any determination permitting the resignation of the Servicer pursuant to (i) shall be evidenced by an opinion of counsel satisfactory to the Commission to such effect delivered to the Commission. Servicer shall provide prompt written notice to the Commission if Servicer resigns pursuant to (i), and ninety (90) days written notice to the Commission if Servicer resigns pursuant to (ii) through (v).

Notwithstanding the previous paragraph, the obligations of the Servicer to service loans pooled under a Certificate shall survive any resignation under this section, in accordance with Section 8.10.

(b) During the term of this Agreement, the Servicer shall not participate in a program with any other state or local governmental or nongovernmental entity providing down-payment assistance loans within the State, without the prior written consent of the Commission.

SECTION 5.03 Early Termination Without Cause.

(a) Notwithstanding anything to the contrary contained in this Agreement, the Commission may terminate this Agreement prior to the end of the term set forth in Section 8.10 hereof or relieve Servicer of its rights and obligations hereunder, including but not limited to its rights to service the Mortgage Loans without cause upon at least one hundred twenty (120) days' written notice. However, the Servicer shall retain its servicing rights to the Mortgage Loans then being serviced by the Servicer and shall continue to service such Mortgage Loans and receive the Servicing Fee subject to payment to the Commission of the Commission Servicing Remainder.

(b) Notwithstanding anything to the contrary contained in this Agreement, upon at least one hundred twenty (120) days' written notice, the Servicer may resign from the obligations and duties imposed on it pursuant to this Agreement.

ARTICLE 6
CAUSES PERMITTING TERMINATION

SECTION 6.01 Causes of Termination by the Commission.

Upon the happening of any one or more of the following events, the Commission may terminate this Agreement with respect to the Servicer (except with respect to Servicer's Mortgage Loan servicing duties hereunder which may only be terminated by Ginnie Mae, Fannie Mae or Freddie Mac, as applicable) and as provided in Section 6.02 hereof, the Commission shall have the other remedies specified therein:

(a) Failure by the Servicer duly to observe or perform in any material respect any of the covenants, conditions or agreements in this Agreement or in the Origination Agreement to be observed or performed by it, (i) which demonstrates a pattern of repeated material failure to perform a covenant, condition or agreement in this Agreement or in the Origination Agreement to be observed or performed by it, or (ii) which continues for a period of sixty (60) days after written notice, specifying such failure and requesting that it be remedied, is given to the Servicer by the Commission, unless the Commission shall agree in writing to an extension of such time prior to its expiration; provided, however, if the failure stated in the notice is correctable and cannot be corrected within the applicable time period, the Commission will not unreasonably withhold its consent to an extension of such time if corrective action is instituted by the Servicer within the applicable period and diligently pursued until the default is corrected.

(b) A decree or order of a court or agency or supervisory authority having jurisdiction in the premises for the appointment of a conservator or receiver or liquidator in any insolvency, readjustment of debt, marshaling of assets and liabilities or similar proceedings, or for the winding-up or liquidation of its affairs, shall have been entered against the Servicer (not including an affiliate of the Servicer) and such decree or order shall have remained in force, undischarged or unstayed for a period of sixty (60) days.

(c) The Servicer (not including an affiliate of the Servicer) shall consent to the appointment of a conservator or receiver or liquidator in any insolvency, readjustment of debt, marshaling of assets and liabilities or similar proceedings of the Servicer.

(d) The Servicer (not including an affiliate of the Servicer) shall admit in writing its inability to pay its debts generally as they become due, file a petition to take advantage of any applicable insolvency or reorganization statute, make an assignment for the benefit of its creditors, or voluntarily suspend payment of its obligations.

(e) The Commission shall discover or be notified that any representation of or warranty by the Servicer set forth herein or in the other Program Documents is false in any material respect. The Servicer shall have an opportunity to correct the false warranty as to the Mortgage-Backed Security within sixty (60) days after the notice to the Servicer unless the Commission agrees in writing to an extension of such time prior to its expiration; provided, however, if the failure stated in the notice to the Servicer is correctable and cannot be corrected within the applicable time period, the Commission will not unreasonably withhold its consent to an extension of such time if corrective action is instituted by the Servicer within the applicable period and diligently pursued until the falsity is corrected.

(f) The Servicer shall cease to be approved by Ginnie Mae, Fannie Mae or Freddie Mac to sell or service the type of Mortgage Loans to be financed under the Program pursuant to the Indenture, shall cease to be a FHA/VA-approved mortgagee, shall cease to meet all of the issuer eligibility requirements of Ginnie Mae, Fannie Mae or Freddie Mac (including net worth requirements) or shall cease to be approved by Ginnie Mae to issue mortgage backed securities guaranteed by Ginnie Mae pursuant to Section 306(g) of Title III of the National Housing Act and applicable regulations thereunder.

SECTION 6.02 Remedies of the Commission.

Whenever any cause of which the Commission has actual notice referred to in Section 6.01 hereof shall have happened and be continuing, the Commission may take any one or more of the following remedial steps:

(a) With the written approval of Ginnie Mae and/or Fannie Mae and/or Freddie Mac, as applicable, the Commission may, subject to applicable State and federal law and following the period of up to ninety (90) days referred to in Section 6.03 hereof, terminate all of the Servicer' s rights and obligations under the Program Documents, including the servicing of the Mortgage Loans and the administration of the Program. On or after the receipt by the Servicer of such written notice, all authority and power of the Servicer under the Program Documents with respect to servicing the Mortgage Loans and administering the Program shall pass to and be vested in a substitute servicer designated by the Commission; provided that (1) the substitute servicer is acceptable to Ginnie Mae, Fannie Mae, Freddie Mac, USDA-RD and the Commission, and (2) such substitute servicer is a Ginnie Mae-approved issuer-servicer of FHA-insured and VA-guaranteed mortgage loans and an authorized issuer of Ginnie Mae Certificates and is approved by the PMI Insurer and Fannie Mae and Freddie Mac and will remain so approved for the term of this Agreement. The Commission is hereby authorized and empowered to execute and deliver, on behalf of the Servicer, as attorney-in-fact or otherwise, any and all documents and other instruments, and to do or accomplish all other acts or things necessary or appropriate to effect the purposes of any such termination. The Servicer agrees to cooperate with the Commission in effecting the termination of the Servicer's responsibilities hereunder, including, without limitation, the transfer to a substitute servicer for administration by it of the Mortgage Files and all cash amounts which shall at the time be held by the Servicer or thereafter received with respect to the Mortgage Loans. If the Commission elects to terminate all of the Servicer's rights and obligations under the Program Documents, including the servicing of the Mortgage Loans and the administration of the Program, in association with the transfer and assignment of servicing rights, Servicer shall either retain the servicing rights for those Mortgage Loans then being serviced or be paid a servicing right fee by the Commission, which shall be negotiated upon transfer and assignment and equal to the fair market value of the servicing rights.

(b) The Commission may take whatever other action at law or in equity may appear necessary or desirable to collect the amounts then due and thereafter to become due under this Agreement or to enforce performance and observance of any obligation, agreement or covenant of the Servicer under this Agreement or the Origination Agreements.

SECTION 6.03 **Reserved.**

SECTION 6.04 **No Remedy Exclusive.**

Unless otherwise expressly provided, no remedy herein conferred upon or reserved is intended to be exclusive of any other available remedy, but each remedy shall be cumulative and shall be in addition to other remedies given under this Agreement or existing at law or in equity. No delay or omission to exercise any right or power accruing under this Agreement upon the happening of any event set forth in Section 6.01 hereof shall impair any such right or power or shall be construed to be a waiver thereof, but any such right or power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Commission to exercise any remedy reserved to it in this Article, it shall not be necessary to give any notice, other than such notice as may be required in this Article.

SECTION 6.05 Remedies of Servicer for Breach by Commission.

Upon the failure by the Commission duly to observe or perform in any respect any of the covenants, conditions or agreements applicable to it in this Agreement, for a period of thirty (30) days after written notice, specifying such failure and requesting that it be remedied, is given by the Servicer to the Commission, unless the Servicer shall agree in writing to an extension of such time prior to its expiration then a breach of this Agreement shall have occurred; provided, however, if the failure stated in the notice is correctable and cannot be corrected within the applicable time period, the Servicer will not unreasonably withhold this consent to an extension of such time if corrective action is instituted by the Commission within the applicable period and diligently pursued until the failure is corrected. Nothing in this paragraph shall limit the Servicer's ability to suspend its purchases of Mortgage Loans under Section 4.10 of the Origination Agreement in accordance with Article 3 of this Agreement. The Commission acknowledges and agrees that the Servicer' s failure or refusal to purchase Mortgage Loans in accordance with Section 4.10 of the Origination Agreement during any period in which the entity designated by the Commission in accordance with Appendix A is not purchasing Certificates in accordance with Article 3 of this Agreement shall not constitute a default or breach of any obligation of the Servicer under this Agreement.

SECTION 6.06 Agreement to Pay Attorneys' Fees and Expenses.

If the Commission or the Servicer has failed to perform its obligations under any of the provisions of this Agreement and the other party hereto should employ attorneys or incur other reasonable expenses for the enforcement of performance or observance of any obligation or agreement on the part of such party herein contained, then the prevailing party shall be reimbursed or paid on demand such attorneys' fees and expenses, including all costs and expenses incurred in enforcing this Agreement.

SECTION 6.07 Indemnity.

The Servicer shall indemnify the Commission and hold it and its officers, employees and agents harmless of and from any and all claims, causes of action, penalty, judgment, fine, forfeiture, reasonable costs and expenses (including reasonable attorneys' fees), damage or expense that they respectively sustain or incur which may be related to or arise from any violation of law by the Servicer, or result from any failure on the part of the Servicer to perform its services, duties and obligations under the terms and provisions of this Agreement, notwithstanding knowledge, act, or failure to act by the Commission, other than an act or failure to act by the Commission which prevents the Servicer from performing such services, duties and obligations.

The Commission shall indemnify the Servicer and hold it and its officers, employees and agents harmless of and from any and all claims, causes of action, penalty, judgment, fine, forfeiture, reasonable costs and expenses (including reasonable attorneys' fees), damage or expenses that it sustains or incurs which may be related to or arise from any violation of law by the Commission, or result from any failure on the part of the Commission to perform its services, duties, and obligations under the terms and provisions of this Agreement, notwithstanding knowledge, act, or failure to act by the Servicer, other than an act or failure to act by the Servicer which prevents the Commission from performing such services, duties and obligations.

ARTICLE 7
FURTHER AGREEMENTS

The parties hereto agree that this Agreement may be amended from time to time to add to the duties and responsibilities among them arising from the development of new programs or services in support of the Commission's Single-Family and Homeownership Programs. Any such agreement shall be in writing, shall be executed by all parties hereto and shall be appended to this Agreement as an Appendix. Any such Appendix hereto may be terminated or extended from time to time as set forth therein.

ARTICLE 8
MISCELLANEOUS PROVISIONS

SECTION 8.01 Books and Records.

The Servicer agrees to keep proper books, records and accounts in accordance with the Ginnie Mae Guide, Fannie Mae Selling and Servicing Guide, Freddie Mac Agreement and the Program Documents pertaining to its responsibilities hereunder. The Servicer shall make such books and records available for inspection by the Commission or its agent during reasonable hours and under reasonable conditions.

SECTION 8.02 Transfer of Duties.

Upon termination of this Agreement, upon termination of administration with respect to any Mortgage Loan or upon assignment of the Servicer' s administration responsibilities under this Agreement, the Servicer shall promptly, but not later than thirty (30) days after such termination, supply all reports, documents and information which are required by the Ginnie Mae Guide, Fannie Mae Selling and Servicing Guide Freddie Mac Agreement, or otherwise required by the Program Documents, and which are customarily provided upon such termination, to any person or entity designated by the Commission, and shall use its best efforts to effect the orderly and efficient transfer of servicing and administration to a new servicer and program administrator designated by the Commission, including preparation of accounting statements in the form required by Ginnie Mae and Fannie Mae, and delivered to the Commission, or its designee, of all money held and all papers and records pertaining to such Mortgage Loans. Upon any subsequent recovery in connection with a Mortgage Loan of amounts advanced by the Servicer during its term of servicing in connection with such Mortgage Loan, the Commission shall cause the new Servicer to reimburse the Servicer for such amounts advanced and subsequently recovered. If the Servicer is terminated for cause, in association with the transfer and assignment of servicing rights, Servicer shall either retain the servicing rights for those Mortgage Loans then being serviced or be paid a servicing right foe by the Commission, which shall be negotiated upon transfer and assignment and equal to the fair market value of the servicing rights.

SECTION 8.03 Conflicts of Interest; Servicer's Access to Privileged Information Concerning Mortgagor's Accounts.

(a) Through normal servicing activities, including the servicing of delinquencies, the Servicer may sometimes obtain privileged information concerning the Mortgagors and their Single-Family Residences. Such privileged information may not be used by the Servicer or by its officers, employees, agents or affiliates, in any way which can be construed to represent a conflict of interest or an unfair advantage to the user. All such information must be used in a manner consistent with any applicable laws or regulations regarding disclosure of credit information. The Servicer shall not acquire and the Servicer shall not permit, to its knowledge, its officers, employees or agents, to acquire any property which secures a Mortgage Loan, unless the Commission has informed the Servicer in writing that it does not object to such acquisition.

(b) After a Mortgage Loan or Second Lien Mortgage Loan is acquired by the Servicer, these restrictions shall not prohibit the Servicer from offering to Mortgagors with respect to such loans banking and related services including deposit services, loan or credit services or insurance or such other services or merchandise programs provided by or through the Servicer or another entity affiliated with the Servicer through common ownership or control.

SECTION 8.04 Joinder in Legal Proceedings.

Upon the request of the Servicer, and at the Servicer's sole expense, the Commission shall join plaintiff as parties in any legal proceeding brought by the Servicer against any Mortgage Lenders concerning any obligations of Mortgage Lender under the Origination Agreements. In the event that the Commission shall join in any such legal proceeding at the request of Servicer, the Servicer shall indemnify, and hold harmless, the Commission from any and all costs and expenses in any form and for whatever reason incurred, including, but not limited to any and all costs and attorneys' fees of a defendant required to be paid by the Commission by court order in the event of a judgment in favor of such defendant.

SECTION 8.05 Amendments, Changes and Modifications.

This Agreement may be amended, changed, modified, altered or terminated only with the written consent of the parties hereto. The parties hereto agree to modifications hereof in the event that the Commission undertakes a subsidy program in connection with the Program that does not materially increase the burden of the Servicer in the Servicer's sole determination.

SECTION 8.06 Governing Law.

This Agreement shall be construed in accordance with the laws of the State, and the obligations, rights and remedies of the parties hereunder shall be determined in accordance with such laws without reference to the laws of any other state or jurisdiction, except applicable federal laws, rules and regulations.

SECTION 8.07 Notices.

All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when delivered or mailed by certified or registered mail, postage prepaid, return receipt requested, addressed to the appropriate Notice Address. The Commission Finn the Servicer may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

SECTION 8.08 Severability.

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

SECTION 8.09 Further Assurances and Corrective Instruments.

To the extent permitted by law, the Commission and the Servicer agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required for carrying out the intention of or facilitating the performance of this Agreement.

SECTION 8.10 Term of Agreement.

This Agreement shall be in full force and effect from the date hereof and shall continue in effect so long as the Program continues or until such time as terminated pursuant to the terms of this Agreement. The term through which the Servicer will accept reservations shall continue until __________, with the option by the Commission and agreed to by the Servicer, for _________ extensions, unless further modified or extended by mutual consent. It is agreed that the Servicer shall retain the servicing rights for the Mortgage Loans then being serviced at the end of the initial term of this Agreement or of any additional ___________ extension period(s) and shall continue to service such Mortgage Loans and receive the Servicing Fee subject to payment to the Commission of the Commission Servicing Remainder on an ongoing basis.

SECTION 8.11 No Rights Conferred on Others.

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

SECTION 8.12 Signatories Not Liable.

This instrument is executed by officers of the Servicer and the Commission in their capacities as officers. No covenant, stipulation, obligation or agreement contained herein shall be deemed to be a covenant, stipulation, obligation or agreement of any present or future trustee, agent, counsel, officer or employee of the parties hereto in his or her individual capacity, and no officers executing this Agreement shall be liable personally on this Agreement or be subject to any personal liability by the issuance thereof.

SECTION 8.13 Successors and Assigns.

This Agreement shall be binding on the successors and assigns of the parties. Servicer shall not assign its rights hereunder except pursuant to Section 1.02(g) and Section 4.03.

SECTION 8.14 Confidentiality of Data.

Subject to applicable public disclosure laws, the Commission and the Servicer acknowledge that all financial, statistical, personal, including any and all non-public personal information of a consumer or customer of a disclosing party hereunder (the "Disclosing Party"), technical and other data and information relating to the Disclosing Party's operation which are made available to the other party (the "Receiving Party") in connection with this Agreement, or which become available to the Receiving Party in connection with this Agreement, shall be protected by the Receiving Party from unauthorized use and disclosure. The Receiving Party will take all reasonable measures, including without limitation such measures as it takes to safeguard its own confidential information, to ensure the security and confidentiality of all information provided to it by the Disclosing Party, to protect against all threats or hazards to the security or integrity of the information, and to protect against unauthorized access to or use of the information. Should the Receiving Party experience a confirmed breach of the security of any system it maintains to protect data provided by the Disclosing Party or affecting any of the Disclosing Party's operations or customers, or should the Receiving Party determine, after conducting an appropriate investigation that there has been an unauthorized release of confidential information, then the Receiving Party shall notify the Disclosing Party and comply with applicable State and federal law in providing notice to affected borrowers, as applicable. Determinations regarding whether a breach has occurred and/or whether applicable law requires notice be provided to affected borrowers shall be made exclusively and in the sole discretion of the Receiving Party.

SECTION 8.15 Additional Servicers; Directing Mortgage Loans; Fannie Mae-Approved Seller/Servicer Application.

[RESERVED]

ARTICLE 9
TECHNOLOGY SERVICES

SECTION 9.01 Lender Web Portal Software.

Subject to the terms and conditions of this Agreement, during the term of this Agreement, the Servicer will provide a platform to host and manage the internet-accessible web site software used for participating lenders to upload closed loan packages, submit electronic loan files, and various other information required for Servicer purchase the Qualifying Mortgage Loans. The software will be owned and controlled by the Servicer (collectively hereinafter referenced as "Lender Connection" or "Software").

SECTION 9.02 Borrower Web Portal.

Subject to the terms and conditions of this Agreement, during the term of this Agreement, the Servicer will provide a platform to host and manage the internet-accessible web site software used for Mortgage Loan borrowers to make loan payments, inquire on tax information, and various information used to manage their loans. The software will be owned and controlled by the Servicer (collectively hereinafter referenced as "Borrower Connection" or "Software").

SECTION 9.03 License.

Subject to the terms and conditions of this Agreement, during the term of this Agreement, the Servicer grants to the Commission a non-exclusive, non-transferable, limited license, for the number of the Commission's employees that access and use the Lender Connection web site for the sole purpose of performing loan submission, loan processing, and loan closing services for the Commission. The Commission shall not permit any third party to access the Lender Connection web portal except with notice and written approval of the Servicer. The Commission remains solely liable for the actions of such employees or third party exceptions and any damages or liabilities they may cause as a result of such access.

SECTION 9.04 Ownership of the Software.

The grant of the licenses set forth herein provides neither title nor intellectual property rights to the Software or to the patents, trademarks, trade secrets, copyrights or other intellectual property embodied or used in connection therewith, except for the rights expressly granted herein. The Software, including without limitation the structure, organization and code of the Software, and all documentation relating to the Software, are the confidential and proprietary property of the Servicer and/or its licensors, and all right, title and interest in and to such property and any and all copies of the Software (in whole or in part, and in any form) shall remain with the Servicer and/or its licensors, both during the term of and after any expiration or termination of this Agreement. The Commission acknowledges that the Servicer and/or its licensors have patent, copyright, trademark, trade secret and other intellectual property rights in the Software under United States and other foreign patent, copyright, trademark, trade secret and other intellectual property laws and international treaties, and that all such patent, copyright, trademark, trade secret and other intellectual property rights remain the exclusive property of the Servicer and/or its licensors at all times. The Commission shall not alter or remove any copyright or other proprietary notices on or in the Software or any other materials provided pursuant to this Agreement. The Commission expressly agrees not to attempt, or permit any third party, to modify or tamper with the normal function of any function in the Software that regulates usage or copying of the Software. The Servicer shall have the right to monitor usage of the Software under this Agreement to verify the Commission's compliance with the purpose intended for the Software, with the restrictions set forth in this Agreement, as well as for monitoring transactions for the Servicer' s internal business purposes. The Servicer reserves all rights in the Software not expressly granted to Agency in this Agreement.

SECTION 9.05 Modifications to Software.

The Servicer reserves the right to modify the Software from time to time to enhance, collect or report additional data as required by the Servicer.

SECTION 9.06 Availability to Software.

The Servicer shall use its efforts to provide access to the Software twenty-two (22) hours a day, seven (7) days a week during the term of this Agreement. The Commission agrees that from time to time the Software may become inaccessible or inoperable for various reasons, including, without limitation, (a) equipment malfunctions, (b) periodic maintenance procedures or repairs which Servicer may undertake from time to time or (c) causes beyond the reasonable control of Servicer or which are not reasonably foreseeable by the Servicer, including interruption or failure of telecommunication or digital transmission links, hostile network attacks or network congestion or other failures (collectively "Downtime"). The Servicer generally performs routine system maintenance on all supporting systems between the hours of 5 pm MST/MDT to 5:15 pm MST/MDT. Scheduled Downtime may not be sufficient to provide updates to the Servicer. In the event that additional work needs to be performed outside of the scheduled Downtime, the Servicer will use its best efforts to schedule planned Downtime during non-peak hours for necessary updates and required maintenance. The Servicer shall use its efforts to minimize any disruption, inaccessibility and/or inoperability of the Software in connection with Downtime, whether scheduled or not.

SECTION 9.07 Information Security Program.

Servicer will maintain an information security program that includes administrative, technical and physical safeguards designed to protect the security and confidentiality of the Commission Data. The Servicer will obtain a Service Organizational Control report (SOC, formerly SAS70) along with vulnerability and penetration testing by independent auditors. The Servicer will also provide to the Commission upon the Commission's request a copy of any relevant security audit reports. If a breach of security or other unauthorized intrusion or access to Commission Data occurs while in the possession of the Servicer, if legally able to do so, the Servicer will promptly report to the Commission regarding the nature and extent of the information security incident and the corrective action taken by the Servicer in response.

SECTION 9.08 Penetration Scanning.

The Servicer engages a third party to perform a penetration scan of the Servicer' s computer systems annually, the results of which will be provided to the Commission upon written request.

SECTION 9.09 Professional Services.

During the Initial Term and any Renewal Term, the Servicer shall provide certain professional services to the Commission, which may include implementation, consulting and/or training services (collectively hereinafter referenced as "Professional Services"). These Professional Services may include provisions of services or delivery of certain products, deliverables, reports or other items, which will be described, along with any terms and conditions that are additional to the Professional Services, in a Professional Services Statement of Work ("Professional Services SOW") entered into by the Commission and the Servicer, which will be governed by this Agreement, subject to any provisions of the Professional Services SOW that expressly override the terms set forth herein. The Commission acknowledges and agrees that the Professional Services set forth in any Professional Services SOW may include estimates and therefore, may be subject to change. The Commission will pay the Servicer the fees for the Professional Services set forth in a Professional Services SOW pursuant to the specific terms set forth therein.

The Servicer shall own all rights, title and interest in and to any Work Product (as defined below), as well as any other products, data, plans, specifications, reports, designs, code, "know how," documentation and other information or materials used or in any manner employed by the Servicer in the provision of Professional Services under this Agreement and any applicable Professional Services SOW ("Servicer Materials"), but which shall not include any Commission Data or Commission confidential information, including the Commission's products, data, plans, specifications, reports, designs, documentation and other information disclosed or provided to Servicer by the Commission in connection with the Professional Services. The Commission shall receive a non-transferable, non-exclusive, worldwide and royalty free license to use the Work Product, including any Servicer Materials incorporated into the Work Product, solely for the Commission's internal business purposes, upon payment in full of any amounts due pursuant to a Professional Services SOW and the Service Fees required for use of the Servicer products licensed or purchased hereunder, which license shall terminate upon termination of this Agreement. "Work Product" shall mean all materials, including without limitation, specifications, reports, designs, plans, documentation, templates, code and other information resulting from the Professional Services performed by Servicer under the Professional Services SOW.

SECTION 9.10 Branding Materials.

The Commission represents and warrants to the Servicer (a) that the Commission Content and any Commission Branding Materials do not infringe or violate the rights of any third party, including any copyright, trademark, service mark or other intellectual property rights; (b) that the Commission Content and any Commission Branding Materials are not defamatory or obscene and do not violate any right of privacy or publicity; and (c) that the Commission has sufficient power and authority to provide to the Servicer, and to authorize the Servicer's use of, the Commission Content and the Commission Branding Materials.

SECTION 9.11 Data Integration.

The Commission will provide the Servicer with daily loan originations and loan changes in digital file format. The Servicer will in turn provide daily electronic documents of loan data updates including purchase information back to the Commission in digital file format (collectively hereinafter referenced as "Data Integration"). These Data Integration digital files will be placed on a secure FTP server managed by the Servicer with access by the Commission and the Servicer. During the Initial Term and any Renewal Term, the Servicer shall provide Data Integration digital files at no charge. If the Commission requires changes to the Data Integration file formats, electronic reporting, or process currently developed by Servicer, a Professional Services SOW may be required by the Servicer to the Commission.

SECTION 9.12 Electronic Reporting.

The Servicer will provide monthly reports digitally via a secure FTP server managed by the Servicer. The monthly reports will have information related to the Mortgage Loans purchase data and accounting data. If the Commission requires additional data not collected or reported by the Servicer, a Professional Services SOW may be required by the Servicer to the Commission.

SECTION 9.13 Data Transmission.

The Commission acknowledges, however, that it is possible that data transmissions over the Internet may be accessed by unauthorized third parties. If the Commission accesses the Software from a computer, the Commission agrees to use third party software, including Web browser software that supports a data security protocol compatible with the protocol used by the Servicer. Until notified otherwise by the Servicer, the Commission agrees to use software that supports the Secure Socket Layer protocol or other protocols accepted by Servicer and to follow Servicer's log-on procedures. The Commission acknowledges that the Servicer is not responsible for notifying the Commission of any upgrades, fixes or enhancements to any such software. The Commission understands and agrees that if the Commission employs a device that does not support data security software or other security protocols, the Commission acknowledges that it may not be able to access the Software and even if it could, the transmission of data while using the Software would not be secure and may be accessed by unauthorized third parties. In such event, the Commission assumes all risk and liability resulting therefrom.

[Remainder of this page intentionally blank.]

APPENDIX A

SETTLEMENT AND DELIVERY INSTRUCTIONS

FOR MBS UNDER WASHINGTON STATE HOUSING FINANCE COMMISSION'S SINGLE-FAMILY HOME ADVANTAGE PROGRAM) (EFFECTIVE ________)

Washington State Housing Finance Commission (the "Commission"), ______________, and __________ (the "Servicer"), mutually agree to these Settlement and Delivery Instructions (hereinafter "Instructions"), including the provisions set forth on Exhibit A hereto, relating to the settlement and delivery of Ginnie Mae, Fannie Mae and Freddie Mac mortgage-backed securities ("MBS") under the Commission's Single-Family Home Advantage Program. These Instructions are effective for MBS settlements occurring on and after __________.

Under these Instructions, MBS trades will be settled directly between the Servicer and ___________ for the sake of convenience; accordingly, the provisions of the Program Administration and Servicing Agreement dated as _____________ (between the Commission and the Servicer) relating to the purchase of MBS by the Commission from the Servicer, and the provisions of the Master Trade Agreement dated ____________, as amended (between the Commission and ____________) relating to the purchase of the MBS by ___________ from the Commission, will continue to apply, and ____________'s transfer of funds to the Servicer for the purchase of the MBS shall be deemed to have been accepted by the Servicer on behalf of the Commission, and the Servicer's delivery of MBS to the Purchaser shall be deemed to have been delivered by the Servicer on behalf of the Commission.

IN WITNESS WHEREOF, the undersigned have executed these Instructions as duly authorized representatives of, and on behalf of, Commission, ________ and Servicer, respectively.

EXHIBIT A

A. NOTICE OF IMPENDING DELIVERY OF MORTGAGE-BACKED SECURITIES

________ (the "Servicer") will provide notice of delivery of each mortgage-backed security (including Ginnie Mae, Fannie Mae and Freddie Mac mortgage-backed securities) ("MBS") by email, to the following representatives of the Servicer, Washington State Housing Finance Commission (the "Commission") and ________:

B. TRANSFER OF MBS SETTLEMENT PRICE BY ________ TO THE SERVICER (DVP)

Prior to the purchase and delivery of each MBS (or certificate), _______ will provide to the Commission and the Servicer by email the detailed terms of each MBS settlement and delivery, including the computation of the settlement amounts and the date of delivery of the MBS. Prior to the designated settlement date, the parties will agree, by email, to the terms of the settlement instructions, including any changes to the original instructions circulated by ________.

Upon such mutual agreement, _________ will transfer the purchase price of the MBS to the Servicer, to the following account, on a delivery vs. payment (DVP) basis:

C. DELIVERY OF MBS BY THE SERVICER (ON BEHALF OF COMMISSION) TO _______ (DVP)

The Servicer will deliver each MBS to _______ (on the DVP basis described in B. above) pursuant to the following instructions:

D. TRANSFER BY _________ TO COMMISSION

______ will deliver the amount equal to the difference between (i) the Purchase Price of the MBS (as defined under in Section 6 of the Master Trade Confirmation dated _______, as amended, between the Commission and _______) and (ii) the purchase price paid by _______ to Servicer under B. above, such amount to be paid pursuant to the following instructions:

Bank:
Account Name: Washington State Housing Finance Commission
ABA Routing#:
Account Number
Address

PROGRAM ADMINISTRATION AND SERVICING AGREEMENT

WASHINGTON STATE HOUSING FINANCE COMMISSION

AND

______

AND

____

Single-Family Bond Program
Homeownership Bond Program

Dated as of _______

PROGRAM ADMINISTRATION AND SERVICING AGREEMENT

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PROGRAM ADMINISTRATION AND SERVICING AGREEMENT

THIS **PROGRAM ADMINISTRATION AND SERVICING AGREEMENT** (the "Agreement") is entered into as of __________, by and among the **WASHINGTON STATE HOUSING FINANCE COMMISSION,** a public body corporate and politic and an instrumentality of the State of Washington (the "Commission"), _________ (the "Homeownership Trustee"), as successor trustee under an Amended and Restated General Trust Indenture for Single-Family Program Bonds dated as of _______, between the Commission and the Trustee (the "Homeownership Indenture"), _________ (the "Special Program Trustee"), as successor trustee under a Single-Family Special Program Master Trust Indenture dated as of _______, between the Commission and the Trustee (the "Special Program Indenture"), and ________ organized under the laws of ______ (the "Servicer"). The Homeownership Trustee, Single-Family Trustee and Special Program Trustee are collectively referred to as the "Trustee." The Homeownership Indenture, the Single-Family Indenture and the Special Program Indenture are collectively referred to as the "Indenture.")

WITNESSETH:

WHEREAS, pursuant to the Constitution and laws of the State of Washington, particularly Laws of 1983, Ch. 161, as the same may be amended from time to time (the "Act"), the Commission is authorized, in furtherance of the public purposes described in the Act, to issue notes and bonds from time to time to fulfill its public purposes, which include the purchase of mortgage loans and participations in mortgage loans from lending institutions to finance the construction of, and to facilitate the purchase and sale of existing residential housing for eligible persons and families under the Act; and

WHEREAS, pursuant to the Act, the Commission is authorized to enter into agreements made in connection with the issuance of its revenue bonds and to carry out of its public purposes and specifically to contract with mortgage administrators; and

WHEREAS, the Commission intends to continue its existing mortgage loan program to assist persons of low and moderate income to afford the costs of acquiring and owning decent, safe and sanitary housing; and

WHEREAS, to alleviate the shortage of decent, safe and sanitary housing, and the shortage of funds to provide such housing, for persons or families of low, moderate or middle income within the State of Washington, which constitutes a valid public purpose for the issuance of revenue bonds under the Act, the Commission has developed a program (the "SFB Program") with respect to: (i) the issuance of its Single-Family Program Bonds, Single-Family Special Program Bonds and Homeownership Program Bonds, in one or more series (together, the "Bonds"); and (ii) the use of the proceeds of the Bonds to purchase mortgage-backed securities of the Government National Mortgage Association ("Ginnie Mae Certificates"), single pool mortgage-backed securities of the Federal National Mortgage Association ("Fannie Mae Certificates") and mortgage-backed securities of the Federal Home Loan Mortgage Corporation ("Freddie Mac Certificates") (together, the Ginnie Mae Certificates, Fannie Mae Certificates and Freddie Mac Certificates, are referred to as the "Certificates") evidencing the guarantee by The Government National Mortgage Association ("Ginnie Mae") and the Federal National Mortgage Association ("Fannie Mae") and the Federal Home Loan Mortgage Corporation ("Freddie Mac"), as applicable, of timely payment of principal of and interest on qualifying mortgage loans made to finance homes intended for use as the permanent place of residence by persons or families of low, moderate or middle income (the "Mortgage Loans"), which Mortgage Loans are to be originated pursuant to individual but identical Mortgage Origination Agreements by and among certain lending institutions (the "Mortgage Lenders"), the Servicer and the Commission (collectively, the "Origination Agreements") and are to be serviced by the Servicer; and

WHEREAS, Section 103A of the Internal Revenue Code of 1954, as amended (the "1954 Code") and Section 143 of the Internal Revenue Code of 1986 (the "1986 Code"), provide that the interest on obligations issued by or on behalf of a state or a political subdivision thereof, the proceeds of which are to be used to finance qualifying owner-occupied residences (the "Single Family Residences") shall be excludable from gross income for federal income tax purposes if such issue meets certain requirements stated in Section 103A of the 1954 Code and Section 143 of the 1986 Code, as required; and

WHEREAS, following a competitive selection process, the Commission has determined to enter into a cooperative venture with the ___________ to provide on behalf of the Commission certain mortgage services including servicing for its Mortgage Loans eligible to be purchased by Fannie Mae or Freddie Mac and for Mortgage Loans in its SFB Program; and

WHEREAS, in order to carry out the SFB Program, the C:ommission, the Servicer and the Mortgage Lenders have or will have entered into Origination Agreements pursuant to which: (i) the Commission intends to use reasonable efforts to issue the Bonds in an amount sufficient to enable the Commission to finance the acquisition of Certificates; (ii) the Mortgage Lenders agree to originate and sell Mortgage Loans to the Servicer on a first come, first served basis; (iii) to sell the Servicing Rights for all such Mortgage Loans to the Servicer; and (iv) the Commission, the Servicer and the Mortgage Lenders each agree to perform certain actions and to follow reasonable procedures to ensure compliance with Section 103A of the 1954 Code, Section 143 of the 1986 Code and the regulations promulgated thereunder; and

WHEREAS, the Servicer will, subject to the terms hereof, purchase and service the Mortgage Loans, cause the issuance of the Certificates, as applicable, and make timely payment of principal of and interest on the Ginnie Mae Certificates and cause Fannie Mae to make timely payment of principal of and interest on the Fannie Mae Certificates and cause Freddie Mac to make timely payment of principal of and interest on the Freddie Mac Certificates to the Trustee and provide such other services in support of the SFB Program as are set forth herein; and

WHEREAS, the Commission may warehouse the Certificates under a repurchase facility with a repurchase provider (the "Repurchase Provider") pursuant to a repurchase agreement in order to minimize negative arbitrage in its Program; and

WHEREAS, from time to time the Commission, Trustee and Servicer intend to enter into further agreements, including but not limited to a warehousing agreement, to establish programs benefitting the Commission's Program and have agreed to append the terms of any new program to this Agreement as an appendix;

NOW, THEREFORE, in consideration of the representations, warranties and mutual agreements herein contained, the Servicer, the Trustee and the Commission agree, as follows:

ARTICLE 1

GENERAL PROVISIONS

SECTION 1.01 Definitions.

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

"Acquisition and Operating Policy" means one or more documents certified by the Commission or indentures between the Commission and the Trustee, as such documents or indentures may be amended and supplemented, specifying, among other things, the terms which govern the acquisition by the Servicer of Mortgage Loans from the Mortgage Lenders and the sale of Certificates by the Servicer to the Commission, or its designee.

"Certificate Acquisition Period" means the period specified with respect to a particular series of bonds in the Acquisition and Operating Policy during which the Trustee or an entity designated by the Commission may acquire Certificates from the Servicer in accordance with the Indenture.

"Certificate Price" means the aggregate unpaid principal amount of, and accrued interest on, a Certificate.

"Commission Servicing Remainder" means the portion of the servicing fee received on a Government Mortgage Loan net of the Servicing Fee.

"Conventional Loan" means a Mortgage Loan that is not FHA Insured, VA Guaranteed, HUD Guaranteed or RD Guaranteed.

"Freddie Mac Agreement" means the then current Freddie Mac Seller/Servicer Guide.

"Funding Period" means the period of approximately one calendar month that elapses between the Ginnie Mae Monthly Settlement Date for any calendar month and the Ginnie Mae Monthly Settlement Date for the next succeeding calendar month.

"Gift or Grant" means non-reimbursable funds provided to a borrower for use by the borrower as funds to close the borrower's Mortgage Loan, in accordance with the Program Manual. Second Lien Mortgage Loans are not Gifts or Grants.

"Ginnie Mae Monthly Settlement Date" means the date established by Ginnie Mae for monthly settlement of its purchase of mortgage loans for single-family residential housing of the type that are part of the SFB Program. Ginnie Mae has established the twentieth (20th) day of each month as its current monthly settlement date. Any change in the monthly settlement date established by Ginnie Mae will be incorporated automatically and without further action by the parties into this definition.

"Government Loan" means a Mortgage Loan that is FHA Insured, VA Guaranteed, HUD Guaranteed or RD Guaranteed.

"Mortgage File" means the mortgage documents customarily maintained in mortgage loan files by private institutional mortgage servicers, as such list is contained in the Program Manual.

"Origination Period" means the period specified in the Acquisition and Operating Policy during which the Servicer may acquire Mortgage Loans from Mortgage Lenders in accordance with the Origination Agreements and periodic Program Announcements.

"Program Documents" means this Agreement, the Invitation, the periodic Program Announcements, the Acquisition Policy, the Origination Agreements, the Notice of Acceptance, the Program Manual and the Purchase Documents, as such documents may be amended and supplemented from time to time.

"Purchase Documents" means documents and agreements, if any, between the Servicer and each Mortgage Lender regarding the sale of Mortgage Loans which have been approved in writing by the Commission. **Tn** the event of a conflict between the terms of the Purchase Documents and the other Program Documents, the terms of the Purchase Documents shall control except with respect to the qualification of Mortgage Loans for financing with tax-exempt bonds.

"Related Loans" means Mortgage Loans Program Documents secured by the same property as a Second Lien Mortgage Loan.

"Second Lien Mortgage" means a deed of trust in favor of the Commission securing a Second Lien Mortgage Loan.

"Second Lien Mortgage Loan" means a mortgage loan (which may be a second or other subordinate loan) made and acquired pursuant to the Second Mortgage Loan Program.

"Servicing Fee" means a servicing fee payable to the Servicer for servicing and administration in an amount set forth in Section 4.05 herein (provided that the Servicer is required to pay to Ginnie Mae, Fannie Mae or Freddie Mac its respective guaranty fee).

"Servicing Release Premium" means the servicing release premium, if any, that will be paid by the Servicer in accordance with this Agreement.

SECTION 1.02 Servicer's Representations, Warranties and Covenants.

The Servicer represents and warrants to, and covenants with, the Commission and the Trustee that:

(a) The Servicer is an independent public body corporate and politic, duly organized, validly existing and in good standing under the laws governing its creation and existence, is duly qualified to transact business in the state of Washington, if applicable, and possesses all requisite authority, power, licenses, permits and franchises to conduct any and all business contemplated by the Program Documents and to execute, deliver and comply with its obligations under the terms of the Program Documents, the execution, delivery and performance of which have been duly authorized by all necessary corporate action.

(b) The execution and delivery of this Agreement by the Servicer in the manner contemplated herein and the performance of and compliance with the terms hereof by it will not violate: (i) its charter or bylaws; or (ii) any laws or regulations which could have any material adverse effect whatsoever upon the validity, performance or enforceability of any of the terms of this Agreement and the other Program Documents applicable to the Servicer, and will not constitute a material default (or an event which, with notice or lapse of time, or both, would constitute a material default) under, or result in the breach of, any contract, agreement or other instrument to which the Servicer is a party or which may be applicable to it or any of its assets.

(c) The execution and delivery of this Agreement by the Servicer 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) This Agreement, and all documents and instruments contemplated hereby including the Pool Purchase Contracts to which Servicer is a party, which are executed and delivered by the Servicer, will constitute valid, legal and binding obligations of the Servicer, enforceable in accordance with their respective terms, except as the enforcement thereof may be limited by applicable debtor relief laws and principles of equity.

(e) With respect to its duties hereunder, the Servicer will comply with the applicable discrimination provisions of the Civil Rights Act of 1964, the regulations promulgated thereunder, and Executive Order 11246, Equal Employment Opportunity, dated September 24, 1965.

(f) From time to time upon written request, the Servicer will report to the Commission, and the Trustee, as more fully set forth in this Agreement, information relating to the Mortgage Loans and will do every act and thing which may be necessary or reasonably required to perform its duties under this Agreement. The Commission will monitor the "Maximum Acquisition Costs" safe harbor figures published by the United States Treasury Department and will notify the Servicer thereof and Servicer will utilize, and shall be protected in relying upon, the figures provided by the Commission.

(g) The Servicer agrees that so long as it shall continue to serve in the capacity contemplated under the terms of this Agreement, it will remain in good standing under the laws governing its creation and existence and qualified and licensed under the laws of the State to do business in the State of Washington, if applicable, will not dissolve or otherwise dispose of all or substantially all of its assets. Further, except as provided in Section 4.02 hereof, Servicer may assign with the written consent of the Commission, which consent shall not be unreasonably withheld, all (but not a portion) of its rights and obligations under the entire Agreement, including assignment of servicing rights on loans already acquired, if the requirements of this Section 1.02(g) are met. The assignee of servicing: (i) shall demonstrate to the reasonable satisfaction of the Commission its ability to perform the duties of the Servicer as specified under this Agreement, and shall have a net worth equal to or greater than the net worth of the Servicer immediately preceding any such assignment of servicing; (ii) shall be qualified under the laws of the State to do business in the State of Washington; (iii) shall be qualified under all State and federal laws and have all necessary licenses and approvals (or have obtained written waivers thereof) required of the Servicer under this Agreement to perform Servicer's duties under this Agreement and other Program Documents; (iv) shall be an FHA-approved mortgagee, a Ginnie Mae-approved seller/servicer and, if applicable, a Fannie Mae-approved seller/servicer; and (v) shall assume in writing all of the obligations of the Servicer under this Agreement. Upon satisfaction of the foregoing conditions, the Trustee, on behalf of the Mortgage Lenders, the Trustee and the Commission, shall release the Servicer in writing, concurrently with and contingent upon such assumption, from all obligations so assumed.

(h) No information or statement furnished in writing or report required hereunder delivered to the Mortgage Lender, the Commission or the Trustee will, to the knowledge of the Servicer, contain any untrue statement of a material fact or omit a material fact necessary to make the information, statements or report not misleading; provided, however, that Servicer is entitled to rely upon the accuracy of information provided to it by third parties, including without limitation the Mortgage Lender, the Commission and the Trustee, and it shall not be a breach of this representation and covenant if such information or statements provided by the Servicer contain incorrect items of material fact or omit a material fact necessary to make the information or statement not misleading if the information or statement is provided to Servicer by third parties and Servicer is not explicitly responsible under the terms of this Agreement to review and verify the accuracy of the specific information or statement that contains the incorrect or misleading item or items.

(i) The Servicer is an independent public body corporate and politic that, among other purposes, provides service or otherwise aids in the financing of mortgage loans on single family residential housing.

(j) Neither the Servicer nor any "related person," as defined in Section 144(a)(3) of the 1986 Code, shall acquire, pursuant to an arrangement, formal or informal, Bonds in an amount related to the amount of Mortgage Loans to be acquired by the Servicer under the SFB Program.

(k) The Servicer will not, knowingly, take any action or fail to take any action or permit any action within its control to be taken which would impair the exclusion from gross income for federal income tax purposes of interest on the Bonds.

(l) The Servicer is approved by Ginnie Mae and by Fannie Mae to sell and service the type of Mortgages Loans to be originated by the Mortgage Lenders under the SFB Program, is an FHA-approved mortgagee, meets all the issuer eligibility requirements of Ginnie Mae and Fannie Mae (including net worth requirements), is approved by Ginnie Mae to issue mortgage-backed securities guaranteed by Ginnie Mae pursuant to Section 306(g) of Title III of the National Housing Act and applicable regulations thereunder, and is approved by Fannie Mae to deliver mortgage loans to Fannie Mae to back mortgage-backed securities issued and guaranteed by

Fannie Mae. The Servicer is further approved by Freddie Mac to deliver mortgage loans to Freddie Mac to back mortgage-backed securities issued and guaranteed by Freddie Mac.

(m) The Servicer is organized and operated for the purpose, among others, of issuing mortgage-backed securities guaranteed by Ginnie Mae and delivering mortgage-backed securities issued by Fannie Mae or Freddie Mac, has full legal power and authority under its organizational documents and applicable laws to deliver Ginnie Mae Certificates, Fannie Mae Certificates and Freddie Mac Certificates and to perform its obligations hereunder and thereunder, and by proper action has duly authorized the delivery of Ginnie Mae Certificates, Fannie Mae Certificates and Freddie Mac Certificates.

(n) The Ginnie Mae Certificates, Fannie Mae Certificates and Freddie Mac Certificates delivered by the Servicer, as applicable, upon the issuance and delivery thereof, will constitute legal, valid and binding obligations of the Servicer enforceable in accordance with their terms, except as limited by bankruptcy, insolvency, reorganization, moratorium and other laws for the relief of debtors or equitable principles limiting creditors' rights generally; provided that no Ginnie Mae Certificate, Fannie Mae Certificate or Freddie Mac Certificate will constitute a liability of, nor evidence any debt against the Servicer, because it is based on and backed by Mortgage Loans, and recovery may be made from Ginnie Mae, Fannie Mae or Freddie Mac in the event of any failure of timely payment as provided for in the Ginnie Mae Guaranty Agreement appended to the Ginnie Mae Certificates, in the Fannie Mae Prospectus and the Freddie Mac Agreement, respectively.

(o) To the best of its knowledge, the Servicer is not in default with respect to any order or decree of any court or any order, regulation or demand of any federal, state, municipal, or governmental agency, which default would materially and adversely affect its performance hereunder or under the Pool Purchase Contract.

(p) To the best of the Servicer' s knowledge, the Servicer is not a party to nor bound by, nor does Servicer intend to be a party to or be bound by, any agreement or instrument nor subject to any charter or any other corporate restriction or any judgment, order, writ, injunction, decree, law, or regulation which materially and adversely affects the ability of Servicer to perform its obligations under this Agreement or under the Pool Purchase Contract or which requires the consent of any third person to the execution of this Agreement or the consummation of the transactions contemplated hereby.

(q) The Servicer will comply, with respect to the servicing of the Mortgage Loans as set forth in this Agreement and the other Program Documents: (i) as to the servicing of each FHA insured, or RD, HUD or VA Guaranteed Mortgage Loan, with the provisions of the Ginnie Mae Guide and all other applicable rules, regulations, policies and guidelines of Ginnie Mae; (ii) as to each FHA Insured Mortgage Loan, with the National Housing Act of 1934, as amended, all rules and regulations issued thereunder and all applicable administrative publications; (iii) as to each VA Guaranteed Mortgage Loan, with the Servicemen's Readjustment Act, as amended, all rules and regulations issued thereunder and all applicable administrative publications; (iv) as to each Conventional Mortgage Loan, with the requirements established by the applicable PMI Insurer, Fannie Mae or Freddie Mac, and with the provisions of the Pool Purchase Contract and Fannie Mae Selling and Servicing Guides or Freddie Mac Agreement; and (v) as to each Mortgage Loan, with the requirements of the Code and all applicable regulations, policies and guidelines thereunder, all as provided in this Agreement or as provided in writing by the Commission.

(r) The Servicer shall maintain an errors and omissions policy to insure against claims that may arise hereunder in a face amount per occurrence of not less than the greater of the amounts that the Servicer is required to maintain by Ginnie Mae, Fannie Mae and Freddie Mac, as applicable, to act as a seller/servicer.

(s) At all times during the respective Certificate Acquisition Periods, the Servicer warrants and represents that it will use its commercially reasonable best efforts to do all things that are necessary or required of it to have available from Ginnie Mae commitments to issue Ginnie Mae Certificates sufficient in amount to fund the anticipated needs of the SFB Program, and the Servicer shall pay to Ginnie Mae the fee for such Ginnie Mae Commitments.

(t) At all times during the respective Certificate Acquisition Periods, the Servicer warrants and represents that it will use its commercially reasonable best efforts to do all things that are necessary or required of it to have available commitments from Fannie Mae and Freddie Mac under its Pool Purchase Contracts sufficient to fund the anticipated needs of the SFB Program. The Servicer shall pay to Fannie Mae and Freddie Mac, the fee for such commitments. The Servicer agrees not to sell Fannie Mae Certificates or Freddie Mac Certificates to the Trustee or an entity designated by the Commission in an amount exceeding the amount set forth in the applicable Acquisition and Operating Policy.

(u) The Servicer agrees to be fully familiar with and fully abide by the terms contained in the Acquisition and Operating Policy that are applicable to it.

(v) Subject to the terms hereof and the terms of the Purchase Documents (including, by way of example, the time, funding and pooling limitations) and upon the satisfaction of all the conditions hereof and the Purchase Documents, the Servicer will purchase all Qualifying Mortgage Loans.

SECTION 1.03 Commission's Representations, Warranties and Covenants.

The Commission represents and warrants to, and covenants with the Trustee and the Servicer that:

(a) The Commission is a governmental entity validly existing under the laws of the State of Washington. The Commission has full power and authority to consummate all transactions, execute all documents, and issue all instruments contemplated by this Agreement and the Program Documents.

(b) The execution and delivery of this Agreement and other Program Documents by the Commission and the performance of and compliance with the terms of this Agreement and the other Program Documents by the Commission will not violate any applicable rules or regulations of the Commission in any respect, or any laws in any respect that could have any material adverse effect whatsoever upon the validity, performance, or enforceability of any of the terms of this Agreement or such Program Documents.

(c) This Agreement and all documents and instruments contemplated hereby that are executed and delivered by the Commission will constitute valid, legal, and binding obligations of the Commission, enforceable in accordance with their terms, except as the enforcement thereof may be limited by applicable debtor relief laws and principles of equity.

(d) The Commission shall comply with the applicable terms and conditions contained in the Program Documents.

(e) All proceedings legally required to be taken by the Commission in connection with the authorization and execution of this Agreement and the consummation of the transactions contemplated hereby and related hereto, and all such approvals, authorizations, consents, licenses or other orders of state or federal regulatory agencies, public boards or bodies, if any, as may be legally required to be obtained by the Commission prior to the date of this Agreement with respect to all or any of such matters, have been taken or obtained.

(f) The Commission has full legal authority to engage in the activities covered by this Agreement, and the execution and delivery of this Agreement and compliance with the terms, conditions and provisions hereof and thereof do not and will not conflict with or result in a breach of any of the terms, conditions or provisions of the charter or bylaws of the Commission, or any agreement or instrument to which it is a party or by which it is bound or any law or regulation or any administrative decree or order lo which *it* is subject, or constitute a default thereunder.

(g) No litigation is pending or threatened against the Commission with respect to this Agreement or the consummation of the transactions contemplated hereby or thereby.

(h) The representations, warranties and covenants by the Commission contained in Section 2.01 of the Origination Agreements are hereby confirmed and ratified by the Commission and shall he applicable hereunder as if fully set forth herein.

SECTION 1.04 Trustee's Representations, Warranties, and Covenants.

(a) The Trustee represents and warrants to, and covenants with, the Servicer and the Commission that:

(b) The Trustee is a national banking association duly organized under the national banking laws of the United States of America, is authorized to carry out corporate trust powers, and has full power and authority to enter into and perform the obligations of Trustee under the Indenture and this Agreement.

(c) This Agreement has been duly authorized and, upon execution by the Trustee and by each of the other parties hereto, will constitute the legal, valid, and binding obligation of the Trustee enforceable against the Trustee in accordance with its terms, except as the enforcement thereof may be limited by applicable debtor relief laws and principles of equity.

(d) Neither the execution and delivery of this Agreement by the Trustee in the manner contemplated herein nor the performance and compliance with the terms hereof by it will violate, in any material respect, any provision of the Trustee's organizational documents.

(e) From time to time the Trustee will, upon reasonable request, provide information relating to the Certificates to the Commission and the Servicer and will do every act and thing that may be necessary or required to perform its duties and in accordance with the Indenture and this Agreement subject to any limitations on any such obligation under the Indenture.

SECTION 1.05 Condition Precedent; Purchase Availability.

The parties hereto acknowledge that the obligations and responsibilities of the Servicer herein shall become effective and enforceable against the Servicer only upon the deposit with the Trustee under the Indenture of monies for the ultimate acquisition by the Trustee of Ginnie Mae Certificates, Fannie Mae Certificates or Freddie Mac Certificates, as applicable, in the aggregate principal amounts set forth in the Acquisition and Operating Policy or the availability to the Servicer of funds for the acquisition of Mortgage Loans by or on behalf of the Commission.

ARTICLE 2

PROGRAM ADMINISTRATION

SECTION 2.01 Overall Responsibility; Servicer's Power of Attorney.

(a) The Commission shall have general responsibility for administering the SFB Program in accordance with the Program Documents. The Servicer shall be and is hereby irrevocably authorized and empowered by the Commission to execute and deliver for and on behalf of the Commission any and all instruments, documents and writings necessary or desirable to fulfill its duties and responsibilities hereunder.

(b) The obligations under this Agreement shall never constitute an obligation of the State of Washington within the meaning of any provision or limitation of the Constitutions or statutes of the State of Washington or the State of _________ or of any political subdivision thereof, and shall never constitute nor give rise to a pecuniary liability of the State of Washington or a charge against their general credit or taxing powers.

SECTION 2.02 Specific Responsibilities During the Origination Period.

During the Origination Period, the Commission shall perform the following services with respect to the administration of the SFB Program:

(a) Reviewing of Mortgage Loan documents to determine compliance with the terms and conditions of the eligibility guidelines of the SFB Program, as specified in the Program Manual. It shall be the responsibility of the Commission to periodically revise such guidelines as necessary for Code compliance; provided, that such revisions shall be consistent with the terms hereof and the Program Manual and any such revisions shall be communicated in writing to the Servicer prior to their adoption and must be approved by the Servicer, which such approval shall not be unreasonably withheld;

(b) Advising each Mortgage Lender in writing on a timely basis regarding the compliance of Mortgage Loans with the eligibility guidelines of the SFB Program, as specified in the Purchase Documents and the Origination Agreements or the action, if any, necessary to bring the Mortgage Loans into compliance with such guidelines and return to a Mortgage Lender all documentation for its Mortgage Loans determined by the Commission not to be in compliance with such guidelines;

(c) Consulting with and advising the Mortgage Lenders and the Trustee regarding technical questions and problems which might arise under the SFB Program. This consultation and advice by the Commission will include developing, printing, distributing and updating the Program Manual, as promulgated by the Commission.

(d) Taking any other action which it deems necessary or appropriate in order to facilitate the implementation of the SFB Program in accordance with the provisions of the Program Documents;

(e) Developing and implementing an education and promotion program for Mortgage Lenders to market the SFB Program.

(f) Providing to Mortgage Lenders information regarding the recapture provisions of the Code, as supplied by the Commission, in substantially the form of notice provided to Mortgagors in the Program Manual;

(g) Establishing and maintaining the first-come, first-serve reservation system described in the Program Manual and incorporated herein by this reference, as such Program Manual may be amended from time to time, by which Mortgage Lenders can, upon submission of appropriate information to the Commission, reserve on a first come, first served basis, for a period of time specified in the Acquisition and Operating Policy and applicable Program Announcements, an amount representing the outstanding principal amount of a Mortgage Loan to be sold to the Servicer, which amount when added to all amounts set aside under reservations pursuant to such reservation system does not exceed the amount available with the Trustee to acquire Certificates or otherwise made available by or on behalf of the Commission;

(h) Establishing and maintaining the second lien loan acquisition program described in Exhibit Ain the Mortgage Origination Agreement as Second Mortgage Loan Program incorporated herein by this reference, as such exhibit may be amended from time to time, by which Mortgage Lenders will originate second lien loans and sell them to the Servicer on behalf of the Commission (i.e., the Servicer will purchase the Second Lien Mortgage Loans from the Mortgage Lenders on behalf of the Commission and the Commission will reimburse the Servicer for Second Lien Mortgage Loans meeting Second Mortgage Loan Program Manual guidelines within thirty (30) days after the request for reimbursement and the Related Loan being sold to the Trustee or an entity designated by the Commission as part of a Ginnie Mae, Fannie Mae, or Freddie Mac Certificate. The price of the Second Lien Mortgage Loans will be par, or 100.00% of the unpaid principal balance of the Second Lien Mortgage Loan and no servicing release premium fee will be paid by the Servicer for the rights to service the Second Lien Mortgage Loans);

(i) If the Mortgage Lender is responsible for the initial funding of the Gift or Grant and is not reimbursed directly by the Commission, the Servicer will reimburse the Lender for the Gift or Grant on behalf of the Commission at the original amount of the Gift or Grant, contemporaneously with the Servicer's purchase of the related Mortgage Loan pursuant to the Mortgage Origination

Agreement, and Program Documents. The Lender shall include specific documents related to the Gift or Grant in the file delivered to the Servicer or to the Commission as directed in the Program Documents or Program Manual. Unless the Servicer is reimbursed directly from the grantor, e.g. from Fannie Mae upon sale of pooled loans, the Servicer shall request funds from the Commission no more frequently than on a weekly basis, through an itemized report, for all monies advanced to the Mortgage Lenders on behalf of the Commission for a Gift or Grant. The Commission shall reimburse the Servicer within two (2) Business Days of the request for any and all such gifts or grants regardless of the status of the Mortgage Loan under the Program.

G) The Homeownership Division Director or Manager shall be the person responsible for Program Administration duties and the Homeownership Division Director shall be the primary contact person for the Commission during each Delivery Period; such person shall have the appropriate authority to respond to reasonable requests and inquiries of the Commission.

SECTION 2.03 Commission-Servicer Coordination.

The Servicer and the Commission acknowledge the need to coordinate, to the extent reasonably possible, their independent actions to promote and facilitate the SFB Program consistent with their respective responsibilities. To this end, the Servicer and the Commission agree as follows:

(a) The Commission reserves the right to modify SFB Program guidelines; provided, that such modifications are communicated in writing to the Servicer and approved by the Servicer before notification to the Mortgage Lenders. Such approval shall not be unreasonably withheld so long us such modifications are consistent with the Program Documents, do not make it materially more difficult to originate and service Mortgage Loans or materially increase the burden of work on the Servicer, unless such modifications are required by the Code, State or federal laws. All such modifications shall be made in writing by the Commission and approved by the Servicer, which such approval shall not be unreasonably withheld. Under no circumstances will the Servicer be required to make credit or property underwriting decisions.

(b) [Reserved].

(c) Routine informational inquiries by the Mortgage Lenders or the public (during the Origination Period) may be responded to by the Commission or referred by the Commission to the Servicer.

(d) The Commission reserves the right to audit individual Mortgage Files and the performance of the Servicer with respect to the SFB Program at the Commission's own expense. The Servicer shall provide reasonable access to its Program files for such purposes within regular business hours. Upon the Commission's receipt of a complaint regarding the handling of a Mortgage Loan, the Commission shall consult with the Servicer if the Commission deems such consultation appropriate, but a copy of any written communication sent in response to a complaint shall be sent to the Servicer.

(e) All announcements regarding the guidelines of the SFB Program shall be approved by both the Commission and the Servicer, and such approval, after a reasonable opportunity for review and comment, shall not be unreasonably withheld.

(f) The Servicer shall have no responsibility for coordinating or presenting Homebuyer Education Classes.

SECTION 2.04 Review of Mortgage File.

Upon receipt of a Mortgage File by the Commission, the Commission shall review and process the Mortgage Loan in accordance with the Program Documents. After reviewing the Mortgage File, and based solely upon the documents contained therein and such other documents or certificates as are deemed necessary by the Commission, if the Mortgage Loan is qualified for purchase under the Origination Agreements the Commission shall provide notice to the Servicer via the Commission's on-line reservation and tracking system that the Mortgage File is approved for purchase and meets the requirements of Section 143 of the Internal Revenue Code of 1986.

(a) The Commission shall also have the following obligations and authority:

(1) Except with respect to loans originated in Targeted Areas, examine the federal income tax returns to check for prior home ownership during the previous three (3) years from the date on which the Mortgage is executed, and cause the Mortgage Lender to contact the Mortgagor's previous landlords if other evidence of lack of home ownership is insufficient (i.e., Mortgagor states in affidavit that he/she was not required to file a federal income tax return for one (1) or more of the prior three (3) years).

(2) In instances, if any, where in the reasonable judgment of the Commission, based upon information made available to the Commission in connection with the origination of a Mortgage Loan, inspection is advisable, cause the originating Mortgage Lender to inspect the Single-Family Residence prior to purchase of the Mortgage Loan by the Servicer to determine whether it: (i) constitutes a completed residential unit; (ii) contains land in excess of normal requirements; (iii) shows evidence of use or design for use in a trade or business of the Mortgagor; or (iv) is occupied by the Mortgagor as Mortgagor's principal residence, all as specified in the Origination Agreements.

(3) Verify the Annual Family Income of the Mortgagor as computed by the Mortgage Lender and confirm that such income does not exceed the applicable limits specified in the Program Documents.

(4) Perform its (i) pre-closing Mortgage Loan compliance review, and (ii) its post-purchase Mortgage Loan review in accordance with the time-lines set forth in the Program Documents.

(b) The Servicer shall have the following obligations and authority:

(1) Acquire Mortgage Loans on behalf of the Commission on a Business Day basis.

(2) Within ten (10) Business Days of the delivery of a Mortgage File to the Servicer, determine whether a Mortgage Loan is a Qualifying Mortgage Loan, and advise the Commission and Mortgage Lender in writing of the deficiencies therein.

(3) Review corrections to the Mortgage File within five (5) Business Days of receipt of all corrections to the Mortgage File.

(4) Maintain a toll free telephone number available to the Mortgage Lenders from 8:00 a.m. to 4:30 p.m., Seattle time continuously, on all Business Days for the purpose of answering questions from Mortgage Lenders regarding their Mortgage Files.

(5) In the event that Mortgage Loan purchases are delayed due to the Servicer's inaction or delay, and the Mortgage Lender is charged a late fee, the Servicer shall reimburse the Mortgage Lender for the actual late fee.

(6) Commission shall give the final approval notice to the Servicer and Mortgage Lenders as provided in Section 2.04 above and in the Mortgage Origination Agreements.

SECTION 2.05 Assumption Restrictions.

(a) In any case in which a Single-Family Residence subject to a Mortgage has been or is about to be conveyed by the Mortgagor and the purchaser desires to assume all the rights and obligations of the Mortgagor under the Mortgage Loan, the Servicer shall enter into an assumption agreement with the person to whom such property has been or is about to be conveyed; provided, that the assumption complies with the assumption restrictions contained in the Mortgage. The foregoing assumption restrictions (as well as any additional assumption restrictions required by FHA, RD, VA, the PMI Insurer, Fannie Mae or Freddie Mac, as applicable) shall be incorporated in the related Mortgage and kept as a part of the Mortgage File. In connection with any such assumption agreement, the interest rate of the related Mortgage Note shall not be changed; however, the Servicer may charge in connection with each assumption to the extent permitted by law or regulations of FHA, RD, VA, Fannie Mae or Freddie Mac, as applicable, a fee, which does not exceed the customary application foe for the assumption of mortgage loans which are not financed through the issuance of tax-exempt bonds, plus the reasonable and customary out-of-pocket costs paid or incurred by the Servicer.

(b) Second Lien Mortgage Loans are not assumable.

(c) An assumption shall be approved only if the following conditions are met:

(1) if such approval is required, FHA, VA, RD or the PMI insurer, as applicable, and Ginnie Mae, Fannie Mae or Freddie Mac, as applicable, have approved such conveyance and the Mortgage Loan shall continue to be insured by FHA, guaranteed by VA or insured by the PMI Insurer, as applicable;

(2) the new Mortgagor and the former Mortgagor have executed the Mortgage Revenue Bond Program documents set forth the Program Manual and the new Mortgagor's income has been certified to be in compliance with Program requirements;

(3) the requirements of Sections 4.06 and 4.07 and 4.08 of the relevant Origination Agreement are met with respect to such assumption, based upon the facts as they exist at the time of the assumption as if the Mortgage Loan were being made for the

first time, as such facts are determined in accordance with Sections 4.06, 4.07 and 4.08, respectively;

(4) the new Mortgagor shall have submitted a VA Guaranty Applicant's Certificate of Understanding and Consent, a Mortgagor's Certificate Regarding FHA Insured Home Mortgage or approval of assumptions by the PMI Insurer, RD or HUD, or comparable certificates, as appropriate, in the forms contained in the Program Manual; and

(5) the new Mortgagor shall have executed the acknowledgment of the Recapture Notice in the forms contained in the Program Manual.

If the Servicer determines that property subject to a Mortgage Loan or Second Lien Mortgage Loan has been conveyed by a Mortgagor and that the above conditions (b)(1) through (6) are not satisfied, the Servicer shall give notice thereof to the Trustee and the Commission. If the Servicer believes that some action other than foreclosure can be taken so as to enable it to consent to the transfer of the Single-Family Residence and such action is acceptable to Ginnie Mae, Fannie Mae, Freddie Mac, RD or HUD, as applicable, it shall so advise the Trustee and the Commission and cause such action to be taken or not, as the case may be, at the direction of the Commission. If no such action can be taken, the Servicer shall so advise the Trustee and the Commission, shall take any and all steps necessary to secure all benefits payable under the FHA Insurance, the VA, HUD or RD Guaranty or the private mortgage guaranty insurance of the PMI Insurer, as applicable, and shall commence foreclosure proceedings in accordance with FHA, VA, RD, HUD and PMI Insurer procedures, as applicable.

SECTION 2.06 Liability of the Servicer for Expenses.

Unless otherwise specified herein (including Section 4.05), the Servicer shall be required to pay all expenses incurred by it in connection with its activities hereunder and shall not be entitled to reimbursement therefore except as may be reimbursed by Ginnie Mae, Fannie Mae, Freddie Mac, FHA, VA, RD, or HUD, as applicable. The Servicer shall not be responsible for the expenses of the Commission, the Trustee or their respective staffs or any other persons involved in the SFB Program in connection with the Servicer' s activities hereunder other than as provided for herein.

SECTION 2.07 Reserved.

SECTION 2.08 Reports to the Trustee and the Commission.

(a) Standard Reports to the Commission and the Trustee. The Servicer agrees to prepare and submit, or make available online within the Servicer's website, to the Commission (to the attention of the Senior Director, Finance) and the Trustee the following reports by series of Bonds:

(1) to the Commission only, on a weekly basis during the Origination Period, a report of Mortgage Loans purchased as required in Section 4.04 hereof, a report including the name of the Mortgagor, the name of the Mortgage Lender, the purchase date of each Mortgage Loan, the principal balance of each Mortgage Loan at purchase, the amount of Servicing Release Premium, if applicable, paid to the Commission, the totals for FHA/ /HUD and for Conventional Mortgage Loans, by interest rate;

(2) to the Commission and the Trustee, on or before the twentieth (20th) calendar day of each month during the term of the SFB Program, the Commission's monthly remittance advice forms with respect to FHA/VA/RD/HUD Mortgage Loans (Form HUD 11710A) and Conventional Mortgage Loans indicating summary information with respect to the current month's account transactions;

This information is to include the following:

(A) breakdown by each Ginnie Mae Certificate and by bond series, in a format substantially similar to HUD Form 11710A and each Fannie Mae Certificate and Freddie Mac Certificate, of monthly payments to the Trustee by the amount representing scheduled interest, scheduled regular principal payments and prepayments on which principal has been prepaid such that under the Ginnie Mae Guide or the Fannie Mae Selling and Servicing Guide or the Freddie Mac Agreement, such principal must be paid to the holder of the Ginnie Mae Certificate, Fannie Mae Certificate or Freddie Mac Certificate;

(B) an aggregate summary of data for all Certificates acquired by the Trustee in a format acceptable to the Commission; and a summary of the above information for the period ending December 31 of each year for the preceding twelve (12) months;

(3) to the Commission only, on or before one hundred-twenty (120) days after the end of the Servicer's fiscal year (which presently ends on June 30) during the SFB Program, at the Servicer's expense:

(A) an opinion by a firm of independent certified accountants on the financial position of the Servicer at the end of its fiscal year, and the results of operations and changes in financial position for such year then ended on the basis of an examination conducted in accordance with generally accepted auditing standards;

(B) upon the written request of the Commission a statement from an independent certified public accountant concerning compliance with servicing standards on the basis of an examination conducted substantially in compliance with the audit program for mortgages serviced for the United States Department of Housing and Urban Development Mortgage Audit Standards or the Uniform Single Audit Program for Mortgage Bankers, except for (i) such exceptions as such firm shall believe to be immaterial; and (ii) such other exceptions as shall be set forth in such statement and reasonably acceptable to the Commission;

(C) a statement, certified by an authorized officer of the Servicer stating that, to the best of such officer's knowledge, upon reasonable investigation, the Servicer's servicing of the Mortgage Loans has been conducted in compliance with this Agreement and the other Program

Documents except for such exceptions as such officer shall believe to be immaterial and such other exceptions as shall be set forth in such statement, and

(D) a certificate of an authorized officer of the Servicer stating that (i) a review of the activities of the Servicer during the preceding year with respect to performance under this Agreement has been made under such officer's supervision, and (ii) to the best of such officer's knowledge, based on such review, there is, as of such date, no default by the Servicer in the fulfillment of any of its obligations under this Agreement or the Other Program Documents, or, if there is any such default known to such officer, specifying each such default and the nature and status thereof; and

(4) such other reports relating to the SFB Program as the Commission or the Trustee may reasonably request, including, but not limited to, information requested by any rating agency rating the Bonds and the Internal Revenue Service.

(b) Future Reports to the Commission. The Servicer will commence preparing and submitting, or making available online within the Servicer's website, to the Commission (to the attention of the Senior Director, Finance) a daily status report (by electronic means satisfactory to the Commission) by 9:00 a.m. (Seattle time) each Business Day morning with loans purchased and pooled to date and current status of loans in the portfolio.

(c) Miscellaneous. On an ongoing basis, so long as any Mortgage Loan remains outstanding, the Servicer shall, upon request by the Commission, provide to the Commission copies of the most recent reports submitted to Ginnie Mae, to Fannie Mae and Freddie Mac for all Certificates acquired by the Trustee (unless prohibited by Ginnie Mae, Fannie Mae or Freddie Mac, as applicable).

ARTICLE 3

PURCHASE OF CERTIFICATES; PURCHASE BY COMMISSION

SECTION 3.01 Purchase of Ginnie Mae Certificates.

The following procedures govern the issuance of Ginnie Mae Certificates by the Servicer pursuant to this Agreement. The parties acknowledge that the procedures, guidelines and policies of Ginnie Mae, FHA, VA, HUD and RHS may be amended or modified in the future to such an extent that it may become impractical or impossible for the Servicer to perform pursuant to this Agreement, in which event the Servicer shall not be held responsible for such failure to perform and the Commission shall have the right to terminate this Agreement with respect to Ginnie Mae Certificates to be issued thereafter; provided that to the extent permitted by Ginnie Mae the Servicer shall retain its servicing rights to the Mortgage Loans relating to Ginnie Mae Certificates previously issued pursuant to this Agreement and shall continue to service such Mortgage Loans and receive the Servicing Fee subject to the payment to the Commission on an ongoing basis.

(a) Following the Servicer's periodic purchase of FHA Insured, VA or RD or HUD Guaranteed Mortgage Loans pursuant to the Purchase Documents, the Origination Agreements, the Program Manual and the Acquisition and Operating Policy, the Servicer shall prepare a package of the documents for such Mortgage Loans and submit such documentation to Ginnie Mae or its agents for review. Following satisfactory review by Ginnie Mae or its agent of the pool documentation package, the Servicer shall cause a Ginnie Mae Certificate (pooled pursuant to the concurrent dates method as specified in the Ginnie Mae Guide) to be issued in the same principal amount as the outstanding principal amount of FHA Insured and VA, RD or HUD Guaranteed Mortgage Loans represented by the pool documentation package. The Servicer shall notify the Trustee in accordance with the Acquisition and Operating Policy of the total dollar amount of the purchase of the Ginnie Mae Certificate. Within thirty (30) days of the issuance of the Ginnie Mae Certificate, the Servicer shall sell such Ginnie Mae Certificate to the Trustee or an entity designated by the Commission. The Trustee's approval is conditioned on the submission by the Servicer to the Trustee of the Ginnie Mae Prospectus, the Ginnie Mae Guaranty Agreement with respect to such Ginnie Mae Certificate and the schedule of Mortgage Loans backing the Certificate. The Trustee shall be entitled to rely on the certifications and representations of the Servicer or the Commission, or its agent, that the Mortgage Loans represented by the pool documentation package are eligible and meet the requirements under the SFB Program. The Trustee has no obligation to independently determine whether such Mortgage Loans are eligible and meet the requirements under the SFB Program.

(b) Except as necessary to form a final pool that will include all federally insured or guaranteed Mortgage Loans acquired by the Servicer, the Servicer shall pool all such Mortgage Loans on a bi-weekly basis subject to the minimum pool sizes for Ginnie Mae Certificates.

(c) Pursuant to the current standards and policies of Ginnie Mae as set forth in the Ginnie Mae Mortgage-Backed Securities Guide, the Servicer may provide for the issuance of Ginnie Mae Certificates by pooling Mortgage Loans to constitute Pools in a minimum principal face amount in accordance with Ginnie Mae guidelines. The total principal face amount of any issue of Ginnie Mae Certificates shall not exceed the aggregate unpaid principal balances of Mortgage Loans in the Mortgage Pool.

(d) The Servicer shall be required to pay a nonrefundable fee in connection with the submission of the appropriate application to Ginnie Mae for a commitment for the guaranty by Ginnie Mae of the issuance of each Ginnie Mae Certificate.

SECTION 3.02 Purchase of Fannie Mae or Freddie Mac Certificates.

(a) The following procedures govern the issuance of Fannie Mae or Freddie Mac Certificates by the Servicer pursuant to this Agreement. The parties acknowledge that the procedures, guidelines and policies of Fannie Mae or Freddie Mac may be amended or modified in the future to such an extent that it may become impractical or impossible for the Servicer to perform pursuant to this Agreement, in which event the Servicer shall not be held responsible for such failure to perform and the Commission shall have the right to terminate this Agreement with respect to Fannie Mae or Freddie Mac Certificates to be issued thereafter; provided that to the extent permitted by Fannie Mae or Freddie Mac the Servicer shall retain its servicing rights to the Mortgage Loans relating to the Fannie Mae or Freddie Mac Certificates previously issued pursuant to this Agreement and shall continue to service such Mortgage Loans and receive the Servicing Fee subject to the payment to the Commission on an ongoing basis.

(b) Subject to the terms and conditions hereof, the Servicer shall comply with the terms of the Origination Agreements and Program Documents and use its commercially reasonable efforts during the Origination Period to acquire Mortgage Loans in accordance with the terms of this Agreement, the other Program Documents and the Fannie Mae Selling and Servicing Guides and Freddie Mac Agreement and pool such Mortgage Loans into Fannie Mae Certificates or Freddie Mac Certificates for sale to the Trustee or an entity designated by the Commission. The Servicer shall pay all fees required by Fannie Mae or Freddie Mac in connection with the issuance of Fannie Mae Certificates or Freddie Mac Certificates, except fees payable to Fannie Mae or Freddie Mac for the restructuring of the Fannie Mae Certificates or Freddie Mac Certificates in connection with the defeasance of the Bonds.

(c) It is recognized and agreed that in accordance with the Fannie Mae Selling and Servicing Guides and Freddie Mac Agreement, the Servicer shall use commercially reasonable efforts to cause Fannie Mae to issue Fannie Mae Certificates and Freddie Mac to issue Freddie Mac Certificates which shall be backed by a Mortgage Pool in a minimum principal amount of Two Hundred and Fifty Thousand Dollars ($250,000), or such lesser amount as may be permitted or approved by Fannie Mae or Freddie Mac, respectively.

(d) The Servicer shall comply with the terms of the Origination Agreements and the other Program Documents use commercially reasonable efforts to acquire the Mortgage Loans and cause the aggregation of Mortgage Loans to occur in order to enable the formation of a Pool in as expeditious a manner as possible. The Servicer may, in its discretion, make the determination to provide for the issuance of Fannie Mae Certificates or Freddie Mac Certificates at such time, in the reasonable judgment of the Servicer, as the amount of Mortgage Loans originated by the Mortgage Lenders is sufficient for the issuance of Fannie Mae or Freddie Mac Certificates.

(e) In the event that the Servicer has Conventional Mortgage Loans in a sufficient aggregate principal amount to constitute a Pool and thereafter, to cause the issuance of a Fannie Mae or Freddie Mac Certificate with respect to such Pool, the Servicer shall aggregate all such Mortgage Loans to form such Pool and shall submit an appropriate application to Fannie Mae or Freddie Mac for the issuance of such Fannie Mae or Freddie Mac Certificate in accordance with this Agreement. The Servicer may, however, "warehouse" any portion of such Mortgage Loans until the final aggregation of the Mortgage Loans to form a Pool.

(f) The Servicer will ensure that the SFB Program shall have at least equal priority with other activities of the Servicer with respect to any of its loan purchase activities for loans of a similar nature.

(g) Pursuant to the current standards and policies of Fannie Mae and Freddie Mac as set forth in the Fannie Mae Selling and Servicing Guides and the Freddie Mac Agreement, the Servicer may provide for the issuance of Fannie Mae or Freddie Mac Certificates by purchasing Mortgage Loans to be delivered to Fannie Mae or Freddie Mac to constitute Pools in a minimum original outstanding principal amount of Two Hundred and Fifty Thousand Dollars ($250,000), or such lesser amount as may be permitted or approved by Fannie Mae or Freddie Mac, respectively. The total principal amount of any issue of Fannie Mae or Freddie Mac Certificates shall not be less than the aggregate unpaid principal balances of Mortgage Loans in the Pool as of the issue date of the Certificate.

(h) The Servicer shall notify the Trustee in accordance with the Acquisition and Operating Policy before each proposed delivery to the Trustee or an entity designated by the Commission of a Fannie Mae Certificate of the aggregate principal amount of the Fannie Mae Certificate to be acquired. Within thirty (30) days of the issuance of the Fannie Mae Certificate, the Servicer shall sell such Fannie Mae Certificate to the Trustee or an entity designated by the Commission.

(i) All Fannie Mae Certificates may, in the Servicer's discretion, be issued with the Special Servicing Option (as defined in the Fannie Mae Selling and Servicing Guides).

SECTION 3.03 Acquisition of Fannie Mae Certificates, Ginnie Mae Certificates and Freddie Mac Certificates by Trustee.

(a) The Commission hereby agrees to cause the Trustee pursuant to the Indenture and in accordance with the Acquisition and Operating Policy, to acquire the Fannie Mae Certificates, Ginnie Mae Certificates and Freddie Mac Certificates delivered to the Trustee either directly or by an entity designated by the Commission.

Simultaneous with the issuance and delivery by the Servicer of the Fannie Mae Certificates, Ginnie Mae Certificates and Freddie Mac Certificates and the other documents required to be delivered to the Trustee, the Trustee shall pay the Servicer the Certificate Price and any related Servicing Release Premium, which amount shall be subject to repayment of any warehouse loan.

SECTION 3.04 Trustee's Reliance.

The Trustee shall be entitled to rely on the certifications and representations of the Servicer or the Commission, or their respective agents, that the Mortgage Loans represented by the Pool documentation package are eligible and meet the requirements under the SFB Program. The Trustee has no obligation to independently determine whether such Mortgage Loans and meet the requirements under the SFB Program.

SECTION 3.05 Insufficient Mortgage Loans to Make a Pool.

Notwithstanding any other provisions hereof, if at the expiration of any Origination Period the Servicer is holding insufficient Mortgage Loans necessary to make a Pool of the minimum size to issue a Ginnie Mae Certificate, a Fannie Mae Security, or Freddie Mac Security, the Commission shall purchase such loans from the Servicer unless another prudent sale can be made. To avoid exercising this option, the Servicer may hold what may be (in the Servicer's reasonable judgment) the final Pool (including the final pool prior to any extension of the applicable Origination Period) open for such Mortgage Loans at least until the closing date for the Pool announced to the Mortgage Lenders.

SECTION 3.06 Purchase of Mortgage Loans or Certificates by Commission.

(a) The Servicer will provide prompt written notice to the Commission of the occurrence of any of the following events (a "Purchase Event"):

(1) A Mortgage Lender fails for any reason (including without limitation financial inability, regulatory restrictions or cessation of business operations) to repurchase a Non-Qualifying Mortgage Loan or Defective Mortgage Loan from the Servicer in accordance with the requirements of Section 4.12 of the Origination Agreements.

(2) The Servicer has delivered a Certificate to the Trustee in accordance with Commission instructions, but the purchase price for the Certificate is not paid to the Servicer for any reason (including without limitation expiration or suspension of the Repurchase Agreement or financial inability, regulatory restrictions or cessation of business operations by the Repurchaser) as and when required by Article 3 of this Agreement.

(b) The Commission will use its best efforts to cure, or to cause to be cured, any Purchase Event, within 10 days after the Commission's receipt of written notice of its occurrence from the Servicer. The Commission hereby covenants and agrees that, if any Purchase Event cannot be cured within such 10-day period, the Commission will, not later than three (3) Business Days after expiration of the 10-day period, purchase with immediately available moneys the related Mortgage Loan or Certificate from the Servicer at the following prices:

(1) With respect to Mortgage Loans affected by a Purchase Event described in Section 3.05(a)(l), at a price equal to the price otherwise due from the Mortgage Lender to the Servicer with respect to such Mortgage Loan under Section 4.12 of the Origination Agreement, including without limitation refunds of Servicing Release Premiums.

(2) With respect to Certificates affected by a Purchase Event described in Section 3.05(a)(2), at a price equal to the par amount of the Certificate, plus accrued interest payable thereunder (or alternatively, at the option of the Servicer, at a price equal to par with the Commission's waiver of any right to receive any interest paid or payable under the Certificate from the date it is issued to and including the date it is purchased by the Commission from the Servicer).

(3) If any fee is assessed by Ginnie Mae, Fannie Mae or Freddie Mac, as the case may be, with regard to a Purchase Event, the Commission will reimburse the amount of the fee to the Servicer.

(c) In the event of a Purchase Event described in Section 3.05(a)(2) (i.e., failure to pay the purchase price for a Certificate), the Commission may direct the Servicer to deliver such Certificate on the Commission's behalf at a price to be consented to by the Commission; provided, however, that (1) any such delivery shall be conducted, at the Commission's sole cost and expense, in compliance with applicable securities laws, and (2) if and to the extent that such delivery results in payment for any Certificate of less than would have been received for such Certificate from a sale to the Trustee, the Commission shall reimburse the Servicer in the amount of any such shortfall. If a sale under this subparagraph (c) cannot be accomplished within ten (10) days after the date of the Purchase Event, the Commission shall purchase the affected Certificates from the Servicer in accordance with Section 3.05 within three (3) Business Days after written demand from Servicer.

(d) The purchase price for the affected Mortgage Loan or Certificate shall be delivered by the Commission to the Servicer in immediately available funds. Upon payment of the purchase price of a pooled Mortgage Loan by the Commission following a Purchase Event described in Section 3.05(a)(l), the Servicer shall notify the Custodian under the Custodial Agreement to endorse the related Mortgage Note and assign the Mortgage to the Commission and the Servicer will continue to service the Mortgage Loan and any related Second Lien Mortgage Loan on behalf of the Commission. The Servicer will also forward to the Commission, within ten (10) days after receipt of the amounts required for purchase of a Mortgage Loan or Certificate, the amount of any tax and insurance escrow held by the Servicer for such Mortgage Loan.

(e) The Commission hereby covenants and agrees that if it has failed to purchase a Mortgage Loan or Certificate that is affected by a Purchase Event within the time required by the Origination Agreements after receipt of requisite notice hereunder, the Servicer shall have the following rights and remedies:

(1) The Servicer may elect in its sole discretion (but shall not be obligated) to foreclose on (if available under the deed of trust) or sell the affected Mortgage Loan, and the Commission will cooperate fully with the Servicer in any such foreclosure action or sale. If the Servicer exercises this option, the Commission hereby covenants and agrees to indemnify and hold Servicer harmless from any and all losses or expenses incurred as the result of a foreclosure or sale of such Mortgage Loan.

(2) The Servicer may reduce the amount of any payment due to the Commission under the Program Documents by an amount equal to the amount due to the Servicer in connection with the Purchase Event under this Section 3.05. If the Servicer elects to exercise its right to net fund under this paragraph, the Servicer shall deliver the Mortgage File with respect to each affected Mortgage Loan or shall assign ownership of the affected Certificate, as applicable, to the Commission within the time otherwise required under the Program Documents for purchased Mortgage Loans.

(3) The Servicer may suspend its purchase of Mortgage Loans and Certificates under the Purchase Documents unless and until the Commission has purchased the affected Mortgage Loans or Certificates, as applicable, under the terms of the Purchase Documents.

(f) The Commission hereby waives any statute of limitations or other law that might otherwise be raised as a defense to any obligation on the part of the Commission to purchase a Mortgage Loan or a Certificate under this Section 3.05 or to the Servicer's exercise of the right to net fund as described in the foregoing paragraph.

(g) Notwithstanding any other provision of this Section 3.05, the Servicer's receipt of the full purchase price for a Certificate in accordance with Article 3 of this Agreement shall terminate the Commission's obligation under this Section 3.05 to purchase that Certificate or any of the Mortgage Loans for which the Certificate was issued.

ARTICLE 4

SERVICING

SECTION 4.01 Servicer's Duties and Responsibilities.

(a) From and after the acquisition of a Mortgage Loan by the Servicer, the Servicer shall service, or cause to be serviced, such Mortgage Loan and shall have full power and authority, acting alone, to take such actions as may be necessary to discharge its duties with respect to such servicing, which power and authority shall include: (i) the right to execute and deliver customary consents or waivers and other instruments and documents required in the performance of those duties; (ii) the right to consent to renewals and extensions of the Mortgage Loans, transfers of the property encumbered by the Mortgages and/or assumptions of the Mortgage Notes and related Mortgages pursuant to the Program Documents; (iii) the right to execute releases from liability of any seller of property encumbered by the Mortgages (in the manner hereinafter provided); (iv) the right to collect any insurance proceeds; and (v) the right to effectuate foreclosure or other conversion of the ownership of the property subject to the Mortgages, provided that the consummation of the foregoing shall not be inconsistent with or prejudice the rights and interest of FHA, VA, RD, HUD and Ginnie Mae in the case of FHA Insured or VA, RD or HUD Guaranteed Mortgage Loans or the rights and interest of the applicable PMI Insurer and Fannie Mae or Freddie Mac in the case of conventional Mortgage Loans, the Trustee or the Commission under the Program Documents or the Pool Purchase Contract.

(b) After the Purchase Date with respect to each Certificate, the Mortgage Loan servicing activities of the Servicer hereunder shall be governed by the provisions of the Ginnie Mae Guide, Fannie Mae Selling and Servicing Guide or Freddie Mac Agreement, as applicable. The Servicer shall and is hereby irrevocably authorized and empowered by the Trustee and the Commission to make and deliver instruments, or cause such instruments to be made and delivered, for and on behalf of and in the name of the Trustee and the Commission as may be necessary to consummate the foregoing; provided, that any such action shall not involve or result in liability or expense to the Trustee. In addition, the Servicer shall perform its duties set out in the Origination Agreements and Pool Purchase Contract, including, but not limited to, assistance in any reallocation of Mortgage Loan origination rights, participation in Mortgage Loan assumptions by eligible Mortgagors, foreclosure on Non-Qualifying Mortgage Loans or causing Mortgage Lenders to reacquire Non-Qualifying Mortgage Loans and keeping and reporting regularly to the Trustee and the Commission with respect to origination of Mortgage Loans and acquisition of Certificates during the Origination Period.

(c) Notwithstanding anything to the contrary contained in this Agreement, Servicer shall perform all loan servicing duties relating to the Mortgage Loans in accordance with, as applicable (i) the guidelines and requirements of Ginnie Mae, Fannie Mae, Freddie Mac, the FHA, VA, HUD or RD; (ii) the Seller Guide; (iii) the requirements of the Consumer Financial Protection Bureau; (iv) applicable law (clauses (i) through (iv) are collectively referred to as the "Applicable Requirements"); and (v) to the extent not inconsistent with the Applicable Requirements, the other Program Documents.

SECTION 4.02 Servicing Standards.

(a) With respect to all Mortgage Loans, the Servicer agrees to service, or cause to be serviced, such Mortgage Loans in accordance with this Agreement and with the applicable requirements of the Ginnie Mae Guide and FHA, VA, HUD or RD, as applicable, or Fannie Mae Selling and Servicing Guides or Freddie Mac Agreement and requirements of the PMI Insurer as applicable, and as if being serviced for its own account. The Servicer will provide prompt monthly principal and interest payments to an entity, if any, designated by the Commission (prior to sale of the Certificates to the Trustee) and the Trustee, as appropriate, in accordance with and under the terms of the Certificates and will render reports, as required hereunder, to the Commission, the Trustee and Ginnie Mae and/or Fannie Mae or Freddie Mac with respect to the status of the SFB Program.

(b) The Servicer shall use its commercially reasonable efforts to obtain compliance by the Mortgagor with all applicable provisions and requirements of (i) the Mortgage Note and the Mortgage and (ii) FHA, VA, Ginnie Mae, Fannie Mae, Freddie Mac, HUD, RD and the PMI Insurer, as applicable, to maintain the insurance or guaranty in full force and effect. In addition, the Servicer shall provide to FHA, VA, HUD, RD or the PMI Insurer any and all notices required as a condition of the payment of all benefits. All premiums advanced by the Servicer in maintaining any such insurance shall be added to the amount owing under the Mortgage Loan where the terms of the Mortgage Loan or Second Lien Mortgage Loan so permit.

(c) If the Commission reasonably determines that the Servicer is not in substantial compliance in all material respects with the aforementioned servicing standards in connection with the servicing of substantially all of the Mortgage Loans il may elect to terminate the Servicer for cause pursuant to Section 6.01 hereof. To the extent the requirements of this Agreement conflict with the FHA, VA, RHS, HUD, Ginnie Mae, Fannie Mae or Freddie Mac guidelines or regulations, such guidelines or regulations shall control. If the Commission reasonably determines that the Servicer is not in substantial compliance in all material respects with respect to only a minor portion of the Mortgage Loans then being serviced by Servicer under this Agreement, then the Commission may terminate the servicing by Servicer only for such Mortgage Loans.

SECTION 4.03 [Reserved].

SECTION 4.04 Acquisition and Sale Prices.

The Servicer shall acquire Mortgage Loans from Mortgage Lenders pursuant to the Program Documents and sell each Certificate to the Trustee or an entity designated by the Commission in accordance with the Acquisition and Operating Policy and in consideration of its being designated as Servicer hereunder and delivery of this Agreement shall pay to the Commission the Servicing Release Premium (excluding Second Lien Mortgage Loans), if applicable.

SECTION 4.05 Compensation and Expenses for Servicing; Fees to Borrowers; Warehousing.

[RESERVED]

SECTION 4.06 Servicing of Second Lien Mortgage Loans.

With respect to all Second Lien Mortgage Loans intended to be purchased by the Servicer on behalf of the Commission, the Servicer agrees as follows:

(a) The Servicer shall service all Second Lien Mortgage Loans assigned to it by a Lender and shall also service any Related Loans. The Servicer shall have full power and authority, acting alone, to do any and all things in connection with such servicing which it may deem necessary or desirable, and will exercise at least the same degree of care that the Servicer exercises with respect to the servicing of mortgage loans for the Servicer's own account.

(b) The Servicer may purchase Second Lien Mortgage Loans in conjunction with the purchase of the Related Loan.

(c) Subject to Section 4.07 hereof and the next paragraph, the Servicer shall take steps, actions and other proceedings consistent with customary practices in the mortgage servicing industry for the enforcement of all terms, covenants and conditions of all Second Lien Mortgage Loans, including the prompt payment of all Second Lien Mortgage Loan principal and interest payments and all other amounts due thereunder (including payments on any insurance policies or proceeds received in connection with the foreclosure of any such Second Lien Mortgage Loan).

(d) Except as otherwise provided herein (including any loss mitigation activities provided in connection with a Related Loan), the Servicer shall not release the obligations of any Mortgagor under any Second Lien Mortgage Loan, provided that this provision shall not be construed to prevent the Servicer from settling, in case of a default in payment thereof, any Second Lien Mortgage Loan on such terms as the Servicer shall determine (with the prior written consent of the Commission). The Servicer shall not consent to any changes in the terms and conditions of any Second Lien Mortgage Loan, the assignment of a Second Lien Mortgage Loan, the release of the Single-Family Residence from the lien of a Second Lien Mortgage or the grant of an easement or right of way upon property securing a Second Lien Mortgage Loan, except as otherwise provided herein (including any loss mitigation activities provided in connection with a Related Loan) or at the direction of the Commission.

(e) The Servicer shall, and is hereby authorized and empowered by the Commission to, execute and deliver, in the Servicer's own name as servicer to the Commission, with respect to the Second Lien Mortgage Loans and with respect to the properties subject to the Mortgages securing the Second Lien Mortgage loans, any and all instruments, documents and writings necessary or desirable to file all claims and initiate all proceedings, by foreclosure or otherwise, necessary or appropriate to realize upon the insurance policies and property securing any Second Lien Mortgage Loans or in satisfaction, cancellation, or in partial or full release or discharge of, such Second Lien Mortgage Loans except in the event of a short sale, which shall be approved in advance and in writing by the Commission. In order to facilitate such foreclosure and solely for that purpose, the Commission hereby agrees to execute an assignment (in form satisfactory to the Servicer, but without representation, recourse or warranty) to the Servicer of any Second Lien Mortgage Loan for which the Commission is listed as the Loan beneficiary and on which the Servicer has recommended commencement of foreclosure proceedings, within a reasonable period following the

Commission's receipt of written notice from the Servicer.

(f) Each Second Lien Mortgage Loan shall be serviced by the same entity which services any Related Loans. The Mortgagor shall be provided with a single consolidated monthly statement requesting a single payment, which payment shall include the payments due on any Related Loans and the Second Lien Mortgage Loan. If a Mortgagor elects to have withdrawals for payments with respect to both Mortgagor's Related Loan and Second Lien Mortgage Loan under an electronic payments system, the Servicer may draw on the Mortgagor's amount separately for payments due with respect to the Related Loan and Second Lien Mortgage Loan provided the Servicer does so contemporaneously.

(g) The Servicer will not permit a Mortgagor to implement an electronic payment system for any Related Loan unless the payments for any Second Lien Mortgage Loan are also made through such electronic payment system.

(h) The Servicer agrees to service such Second Lien Mortgage Loan in accordance with this Agreement.

(i) If the Servicer receives from the Mortgagor an amount less than that required to fulfill both the payment to the Second Lien Mortgage Loan, any tax and/or insurance impounds and any Related Loan, then the Servicer shall (in the absence of written instructions to the contrary from the Mortgagor) first apply the amount received towards the amount due on any Related Loans, then apply any remaining amounts to tax and/or insurance impounds owing and delinquent, and then apply any remaining amounts towards the amounts then due on the Second Lien Mortgage Loan, subject to any applicable laws or regulations.

G) Unless the Commission instructs the Servicer to the contrary, in the event of a default in a Second Lien Mortgage Loan without a default in payment of any Related Loan (including and required tax and/or insurance impounds), the Servicer shall not foreclose a Second Lien Mortgage Loan unless there is a subsequent default and foreclosure of any Related Loans. Payments due under the defaulted Second Lien Mortgage Loan shall accrue until such time as the Second Lien Mortgage Loan is discharged by payment, prepayment, foreclosure, sale after conveyance by deed in lieu of foreclosure or other termination in accordance with the terms of the Second Lien Mortgage Loan. In such circumstance where the payment obligations under the Related Loan are current, the Servicer shall (unless otherwise bound by written instructions from the mortgagor) apply all additional moneys received from the Mortgagor first to pay off the outstanding principal balance of the Second Lien Mortgage Loan and then any remaining amounts shall be applied towards the outstanding principal balance of any Related Loan, subject to any applicable laws or regulations.

(k) The Servicer is required to ensure that each Mortgagor obtain, maintain and pay all premiums for a Standard Hazard Insurance policy on the Home, in an amount which is not less than the maximum insurable value of the Single-Family Residence or the combined unpaid principal balances of any Related Loan and the Second Lien Mortgage Loan, whichever is less.

(1) Following the purchase of Second Lien Mortgage Loans by the Servicer on behalf of the Commission, the Servicer shall collect and will remit payments actually received by the Servicer through the twentieth of each month for the Second Lien Mortgage Loans to the Commission, within five (5) Business Days after the twentieth of each month as long as any Second Lien Mortgage Loans are outstanding. A monthly remittance report reflecting collection activity

through the twentieth of each month will be provided with each payment and shall include: the Commission loan number, borrower name, principal and interest payment detail and total payment for each Loan.

(m) The Servicer declares that it will hold the Second Lien Mortgage Loans and any amendments, replacements or supplements thereto, as well as any other assets and delivered to the Servicer, in trust upon and subject to the conditions set forth herein on behalf of, and for the benefit of, the Commission.

(n) The Servicer shall (i) segregate the Second Lien Mortgage Loans from all other mortgages and mortgage notes and similar records in the Servicer's possession; (ii) identify the Second Lien Mortgage Loans as being held and hold the Second Lien Mortgage Loans for and on behalf of the Commission; (iii) maintain accurate records pertaining to each Second Lien Mortgage Loan; and (iv) maintain the Second Lien Mortgage Loans held by it under this Agreement in such a manner as shall enable the Commission and the Servicer to verify the accuracy of such record keeping and physical possession. The Servicer will promptly report to the Commission any failure on its part to hold the Second Lien Mortgage Loans as herein provided and promptly take appropriate action to remedy any such failure.

(o) The Servicer shall, on or before the fifth day of each month, file with the Commission a report of the Servicer, with loan level detail, setting forth with respect to the preceding calendar month unpaid principal balances. This report is to be provided in an electronic format that is suitable for importing into a program such as Excel and shall include: the Commission loan number, the Servicer loan number, borrower and co-borrower name, second lien program name, interest rate, current unpaid principal balance, expected principal and interest payment amounts, and delinquency information.

(p) The Servicer shall foreclose on Second Lien Mortgage Loans in accordance with the terms of the related promissory note. All Second Lien Mortgage Loans junior to an FHA Insured Loan, a VA Guaranteed Loan or a USDA-RD Guaranteed Loan shall be foreclosed in the manner prescribed by FHA, VA, USDA-RD, Freddie Mac or Fannie Mae, respectively.

SECTION 4.07 Procedure on Default Under Second Lien Mortgage Loan.

Tn the event that any payment due under a Second Lien Mortgage Loan is not paid when the same becomes due and payable, or in the event the Mortgagor fails to perform any other covenant or obligation under the Second Lien Mortgage Loan and such failure continues beyond any applicable grace period, the Servicer shall, with the prior written consent of the Commission except in instances where the Servicer reasonably believes the exigency of the circumstances require action prior to obtaining consent, take such action as it shall deem to be in the best interest of the Commission to collect or liquidate such Second Lien Mortgage Loan in default in a manner that in the reasonable judgment of the Servicer will be likely to maximize the net proceeds realizable therefrom under the circumstances. In connection with any collection or liquidation activities, the Servicer shall exercise collection or liquidation procedures with the same degree of care and skill as it would exercise or use under the circumstances in the conduct of its own affairs. Upon receipt of any proceeds received pursuant to this Section, Servicer shall deliver any such proceeds to the Commission.

ARTICLE 5

THE SERVICER

SECTION 5.01 Limitation on Liability of Directors, Officers, Employees and Agents of the Servicer.

No director, officer, employee or agent of the Servicer shall be under any personal liability to the Commission, the Trustee or the Owners of the Bonds for any action taken in good faith or for refraining from the taking of any action in good faith pursuant to this Agreement, or for errors in judgment.

SECTION 5.02 Servicer's Right to Terminate With Cause.

(a) Except as set forth in Section 5.03 hereof, the Servicer shall not resign from the obligations and duties hereby imposed on it except (i) upon determination that its duties hereunder are no longer permissible under applicable law or regulation, (ii) with respect to the acquisition of Mortgage Loans and the sale of Certificates, as a result of changing market conditions, (iii) in the event that the Commission makes programmatic changes in connection with the SFB Program that the Servicer determines in its sole discretion will materially increase Servicer' s burden or cause it hardship in performing its duties under this Agreement, or (iv) in the event that market conditions materially increase Servicer's burden or cause it hardship in performing its duties under this Agreement. Any determination permitting the resignation of the Servicer pursuant to (i) shall be evidenced by an opinion of counsel satisfactory to the Commission to such effect delivered to Trustee. Servicer shall provide prompt written notice to the Commission if Servicer resigns pursuant to (i) and ninety (90) days written notice to the Commission if Servicer resigns pursuant to (ii) through (iv).

(b) Notwithstanding the previous paragraph, the obligations of the Servicer to service loans pooled under a Certificate acquired by the Trustee shall survive any resignation under this section, in accordance with Section 8.10.

(c) During the term of this Agreement, the Servicer shall not participate in a program with any other state or local governmental or nongovernmental entity providing down-payment assistance loans within the State, without the prior written consent of the Commission.

SECTION 5.03 Early Termination Without Cause.

(a) Notwithstanding anything to the contrary contained in this Agreement, the Commission may, without the written consent of Servicer, terminate this Agreement prior to the end of the term set forth in Section 8.10 hereof or relieve Servicer of its rights and obligations hereunder, including but not limited to its rights to service the Mortgage Loans without cause upon at least one hundred twenty (120) days' written notice. However, the Servicer shall retain its servicing rights to the Mortgage Loans then being serviced by the Servicer and shall continue to service such Mortgage Loans and receive the Servicing Fee subject to payment to the Commission of the Commission Servicing Remainder.

(b) Notwithstanding anything to the contrary contained in this Agreement, upon at least one hundred twenty (120) days' written notice, the Servicer may resign from the obligations and duties imposed on it pursuant to this Agreement.

ARTICLE 6

TERMINATION

SECTION 6.01 Causes of Termination by the Commission.

Upon the happening of any one or more of the following events, the Commission and the Trustee may terminate this Agreement with respect to the Servicer (except with respect to Servicer's Mortgage Loan servicing duties hereunder which may only be terminated by Ginnie Mae, Fannie Mae or Freddie Mac, as applicable) and as provided in Section 6.02 hereof, the Commission and the Trustee shall have the other remedies specified therein:

(a) Failure by the Servicer duly to observe or perform in any material respect any of the covenants, conditions or agreements in this Agreement or in the Origination Agreement to be observed or performed by it (i) which demonstrates a pattern of repeated material failure to perform a covenant, condition or agreement in this Agreement or in the Origination Agreement to be observed or performed by it, or (ii) which continues, for a period of sixty (60) days after written notice, specifying such failure and requesting that it be remedied, is given to the Servicer by the Commission or the Trustee, unless the Commission shall agree in writing to an extension of such time prior to its expiration; provided, however, if the failure stated in the notice is correctable and cannot be corrected within the applicable time period, the Commission will not unreasonably withhold its consent to an extension of such time if corrective action is instituted by the Servicer within the applicable period and diligently pursued until the default is corrected.

(b) A decree or order of a court or agency or supervisory authority having jurisdiction in the premises for the appointment of a conservator or receiver or liquidator in any insolvency, readjustment of debt, marshaling of assets and liabilities or similar proceedings, or for the winding-up or liquidation of its affairs, shall have been entered against the Servicer (not including an affiliate of the Servicer) and such decree or order shall have remained in force, undischarged or unstayed for a period of sixty (60) days.

(c) The Servicer (not including an affiliate of the Servicer) shall consent to the appointment of a conservator or receiver or liquidator in any insolvency, readjustment of debt, marshaling of assets and liabilities or similar proceedings of the Servicer.

(d) The Servicer (not including an affiliate of the Servicer) shall admit in writing its inability to pay its debts generally as they become due, file a petition to take advantage of any applicable insolvency or reorganization statute, make an assignment for the benefit of its creditors, or voluntarily suspend payment of its obligations.

(e) The Commission shall discover or be notified that any representation of or warranty by the Servicer set forth herein or in the other Program Documents is false in any material respect. As to the warranty with respect to a Mortgage-Backed Security, the Trustee shall notify the Servicer of such occurrence. The Servicer shall have an opportunity to correct the false warranty as to the Mortgage-Backed Security within sixty (60) days after the notice to the Servicer specified in this paragraph (e) unless the Commission agrees in writing to an extension of such time prior to its expiration; provided, however, if the failure stated in the notice to the Servicer is correctable and cannot be corrected within the applicable time period, the Commission will not unreasonably withhold its consent to an extension of such time if corrective action is instituted by the Servicer within the applicable period and diligently pursued until the falsity is corrected.

(f) The Servicer shall cease to be approved by Ginnie Mae, Fannie Mae or Freddie Mac to sell or service the type of Mortgage Loans to be financed under the SFB Program pursuant to the Indenture, shall cease to be a FHA-approved mortgagee, shall cease to meet all of the issuer eligibility requirements of Ginnie Mae, Fannie Mae or Freddie Mac (including net worth requirements) or shall cease to be approved by Ginnie Mae to issue mortgage backed securities guaranteed by Ginnie Mae pursuant to Section 306(g) of Title III of the National Housing Act and applicable regulations thereunder.

(g) The Servicer shall assign or subcontract any of its duties and responsibilities hereunder in contravention of this Agreement (whether voluntarily or by operation of law).

SECTION 6.02 Remedies of Trustee and Commission.

Whenever any cause of which the Trustee has actual notice referred to in Section 6.01 hereof shall have happened and be continuing, the Trustee, for and on behalf of the Commission, may take any one or more of the following remedial steps:

(a) By notice in writing to the Commission, and with the written approval of Ginnie Mae and/or Fannie Mae and/or Freddie Mac, as applicable, the Trustee may, subject to applicable State and federal law and following the period of up to ninety (90) days referred to in Section 6.03 hereof, terminate all of the Servicer's rights obligations under the Program Documents, including the servicing of the Mortgage Loans and the administration of the SFB Program. On or after the receipt by the Servicer of such written notice, all authority and power of the Servicer under the Program Documents with respect to servicing the Mortgage Loans and administering the SFB Program shall pass to and be vested in a substitute servicer (which may, but need not be, the Trustee); provided that (1) the Trustee or such other substitute servicer is acceptable to Ginnie Mae, Fannie Mae, Freddie Mac and the Commission, (2) the Trustee or such other substitute servicer is a Ginnie Mae-approved issuer-servicer of FHA-insured and VA-guaranteed mortgage loans and an authorized issuer of Ginnie Mae Certificates and is approved by the PMI Insurer and Fannie Mae and Freddie Mac and will remain so approved for the term of this Agreement, and, (3) that the Trustee shall be under no duty to undertake or to qualify to undertake any servicing duties with respect to the SFB Program to be performed by the Servicer hereunder. The Trustee is hereby authorized and empowered to execute and deliver, on behalf of the Servicer, as attorney-in-fact or otherwise, any and all documents and other instruments, and to do or accomplish all other acts or things necessary or appropriate to effect the purposes of any such termination. The Servicer agrees to cooperate with the Trustee in effecting the termination of the Servicer' s responsibilities hereunder, including, without limitation, the transfer to the Trustee or other substitute servicer for administration by it of the Mortgage Files and all cash amounts which shall at the time be held by the Servicer or thereafter received with respect to the Mortgage Loans. If the Trustee elects to terminate all of the Servicer's rights and obligations under the Program Documents, including the servicing of the Mortgage Loans and the administration of the SFB Program, in association with the transfer and assignment of servicing rights, Servicer shall either retain the servicing rights for those Mortgage Loans then being serviced or be paid a servicing right fee by the Commission, which shall be negotiated upon transfer and assignment and equal to the fair market value of the servicing rights.

(b) The Trustee may take whatever other action at law or in equity may appear necessary or desirable to collect the amounts then due and thereafter to become due under this Agreement or to enforce performance and observance of any obligation, agreement or covenant of the Servicer under this Agreement or the Origination Agreements.

Any amounts collected pursuant to action taken under this Section shall be applied in accordance with the provisions of the Indenture. Notwithstanding anything to the contrary contained herein, the Trustee shall have only those duties and responsibilities as are expressly provided herein and in the Indenture and shall be under no duty or obligation to advance or expend its own funds hereunder for the purchase of Ginnie Mae, Fannie Mae or Freddie Mac Certificates.

SECTION 6.03 Trustee to Act; Appointment of Successor.

As soon as possible, but in no event later than ninety (90) days after the time the Servicer receives a notice of termination pursuant to Section 6.02(a), the substitute servicer shall succeed to all rights and obligations of the Servicer under the Program Documents including servicing of the Mortgage Loans and the administration of the SFB Program. As compensation therefore, the substitute servicer shall be paid the Servicing Fee; provided, however, such fee shall be payable only from funds which the Servicer would have been entitled to receive if the Servicer had continued to act hereunder. Notwithstanding the above, the Trustee may, if it shall be unwilling to so act, or shall, if it is unable to so act at the expense of the Commission but only from funds provided under the Indenture, appoint or petition a court of competent jurisdiction to appoint any established mortgage loan servicing organization acceptable to FHA, VA and Ginnie Mae, PMI Insurer, Fannie Mae and Freddie Mac as the successor to the Servicer hereunder in the assumption of all or any part of the responsibilities, duties or liabilities of the Servicer hereunder; provided that the Trustee shall not be required to advance or expend its own funds in connection with any such appointment or petition. In connection with such appointment and assumption, the Trustee may make such arrangements for the reasonable compensation of such successor out of payments on Mortgage Loans not in excess of the Servicing Fee as it and such successor shall agree, subject to Ginnie Mae, Fannie Mae and Freddie Mac approval. After the responsibilities of the Servicer are terminated under Section 6.02(a), the Servicer shall be entitled to no payments or compensation of any kind (including the Servicing Fee for any period of time after such notice of termination) other than the payments which are provided for in this Agreement prior to such termination. The Trustee and any successor shall take such action, consistent with this Agreement, as shall be necessary to effectuate any such succession.

SECTION 6.04 No Remedy Exclusive.

Unless otherwise expressly provided, no remedy herein conferred upon or reserved is intended to be exclusive of any other available remedy, but each remedy shall be cumulative and shall be in addition to other remedies given under this Agreement or existing at law or in equity. No delay or omission to exercise any right or power accruing under this Agreement upon the happening of any event set forth in Section 6.01 hereof shall impair any such right or power or shall be construed to be a waiver thereof, but any such right or power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Trustee to exercise any remedy reserved to it in this Article, it shall not be necessary to give any notice, other than such notice as may be required in this Article.

SECTION 6.05 Remedies of Servicer for Breach by Trustee or Commission.

Upon the failure by the Commission or the Trustee duly to observe or perform in any respect any of the covenants, conditions or agreements applicable to it in this Agreement, for a period of thirty (30) days after written notice, specifying such failure and requesting that it be remedied, is given by the Servicer to the Commission or the Trustee as applicable (with a copy thereof to the other), unless the Servicer shall agree in writing to an extension of such time prior to its expiration then a breach of this Agreement shall have occurred; provided, however, if the failure stated in the notice is correctable and cannot be corrected within the applicable time period, the Servicer will not unreasonably withhold this consent to an extension of such time if corrective action is instituted by the Commission or the Trustee, as applicable, within the applicable period and diligently pursued until the failure is corrected. Nothing in this paragraph shall limit the Servicer's ability to suspend its purchases of Mortgage Loans under Section 4.10 of the Origination Agreement during any period in which the Trustee is not purchasing Certificates in accordance with Article 3 of this Agreement. The Commission and Trustee acknowledge and agree that the Servicer' s failure or refusal to purchase Mortgage Loans in accordance with Section 4.10 of the Origination Agreement during any period in which the Trustee is not purchasing Certificates in accordance with Article 3 of this Agreement shall not constitute a default or breach of any obligation of the Servicer under this Agreement.

SECTION 6.06 Agreement to Pay Attorney's Fees and Expenses.

Subject to the provisions of Section 7.14 hereof, if the Commission, the Trustee, or the Servicer has failed to perform its obligations under any of the provisions of this Agreement and the other party hereto should employ attorneys or incur other reasonable expenses for the enforcement of performance or observance of any obligation or agreement on the part of such party herein contained, then the prevailing party shall be reimbursed or paid on demand such attorneys' fees and expenses, including all costs and expenses incurred in enforcing this Agreement.

SECTION 6.07 Indemnity.

The Servicer shall indemnify the Commission and the Trustee and hold it and its officers, employees and agents harmless of and from any and all claims, causes of action, penalty, judgment, fine, forfeiture, reasonable costs and expenses (including reasonable attorneys' fees), damage or expense that they respectively sustain or incur which may be related to or arise from any violation of law by the Servicer, or result from any failure on the part of the Servicer to perform its services, duties and obligations under the terms and provisions of this Agreement, notwithstanding knowledge, act, or failure to act by the Commission or the Trustee, other than an act or failure to act by the Commission or the Trustee which prevents the Servicer from performing such services, duties and obligations.

The Commission shall indemnify the Servicer and hold it and its officers, employees and agents harmless of and from any and all claims, causes of action, penalty, judgment, fine, forfeiture, reasonable costs and expenses (including reasonable attorneys' fees), damage or expenses that it sustains or incurs which may be related to or arise from any violation of law by the Commission, or result from any failure on the part of the Commission to perform its services, duties, and obligations under the terms and provisions of this Agreement, notwithstanding knowledge, act, or failure to act by the Servicer, other than an act or failure to act by the Servicer which prevents the Commission from performing such services, duties and obligations.

ARTICLE 7

FURTHER AGREEMENTS

The parties hereto agree that this Agreement may be amended from time to time to add to the duties and responsibilities among them arising from the development of new programs or services in support of the Commission's Single-Family and Homeownership Programs. Any such agreement shall be in writing, shall be executed by all parties hereto and shall be appended to this Agreement as an Appendix. Any such Appendix hereto may be terminated or extended from time to time as set forth therein.

ARTICLE 8

MISCELLANEOUS PROVISIONS

SECTION 8.01 Books and Records.

The Servicer agrees to keep proper hooks, records and accounts in accordance with the Ginnie Mae Guide, Fannie Mae Selling and Servicing Guide, Freddie Mac Agreement and the Program Documents pertaining to its responsibilities hereunder. The Servicer shall make such books and records available for inspection by the Commission or its agent and the Trustee during reasonable hours and under reasonable conditions.

SECTION 8.02 Transfer of Duties.

Upon termination of this Agreement, upon termination of administration with respect to any Mortgage Loan or upon assignment of the Servicer's administration responsibilities under this Agreement, the Servicer shall promptly, but not later than thirty (30) days after such termination, supply all reports, documents and information which are required by the Ginnie Mae Guide, Fannie Mae Selling and Servicing Guide, Freddie Mac Agreement, or otherwise required by the Program Documents, and which are customarily provided upon such termination, to any person or entity designated by the Commission or the Trustee, and shall use its best efforts to effect the orderly and efficient transfer of servicing and administration to a new servicer and program administrator designated by the Commission, including preparation of accounting statements in the form required by Ginnie Mae and Fannie Mae, and delivered to the Commission or the Trustee, or its designee, of all money held and all papers and records pertaining to such Mortgage Loans. Upon any subsequent recovery in connection with a Mortgage Loan of amounts advanced by the Servicer during its term of servicing in connection with such Mortgage Loan, the Commission shall cause the new Servicer to reimburse the Servicer for such amounts advanced and subsequently recovered. If the Servicer is terminated for cause, in association with the transfer and assignment of servicing rights, Servicer shall either retain the servicing rights for those Mortgage Loans then being serviced or be paid a servicing right fee by the Commission, which shall be negotiated upon transfer and assignment and equal to the fair market value of the servicing rights.

SECTION 8.03 Conflicts of Interest; Servicer's Access to Privileged Information Concerning Mortgagor's Accounts.

(a) Through normal servicing activities, including the servicing of delinquencies, the Servicer may sometimes obtain privileged information concerning the Mortgagors and their Single-Family Residences. Such privileged information may not be used by the Servicer or by its officers, employees, agents or affiliates, in any way which can be construed to represent a conflict of interest or an unfair advantage to the user. All such information must be used in a manner consistent with any applicable laws or regulations regarding disclosure of credit information. The Servicer shall not acquire and the Servicer shall not permit, to its knowledge, its officers, employees, agents or affiliates, to acquire any property which secures a Mortgage Loan, unless the Commission has informed the Servicer in writing that it does not object to such acquisition.

(b) After a Mortgage Loan or Second Lien Mortgage Loan is acquired by the Servicer, these restrictions shall not prohibit the Servicer from offering to Mortgagors with respect to such loans banking and related services including deposit services, loan or credit services or insurance or such other services or merchandise programs provided by or through the Servicer or another entity affiliated with the Servicer through common ownership or control.

SECTION 8.04 Joinder in Legal Proceedings.

Upon the request of the Servicer, and at the Servicer's sole expense, the Commission and the Trustee shall join plaintiff as parties in any legal proceeding brought by the Servicer against any Mortgage Lenders concerning any obligations of Mortgage Lender under the Origination Agreements. In the event that the Commission or the Trustee shall join in any such legal proceeding at the request of Servicer, the Servicer shall indemnify, and hold harmless, the Commission and the Trustee from any and all costs and expenses in any form and for whatever reason incurred, including, but not limited to any and all costs and attorneys' fees of a defendant required to be paid by the Commission and the Trustee by court order in the event of a judgment in favor of such defendant.

SECTION 8.05 Amendments, Changes and Modifications.

Subsequent to the issuance of the Bonds and prior to their payment in full (or provision for the payment thereof having been made in accordance with the provisions of the Indenture), this Agreement may be amended, changed, modified, altered or terminated only with the written consent of the parties hereto. The parties hereto agree to modifications hereof in the event that the Commission undertakes a subsidy program in connection with the SFB Program that does not materially increase the burden of the Servicer in the Servicer's sole determination.

SECTION 8.06 Governing Law.

This Agreement shall be construed in accordance with the laws of the State, and the obligations, rights and remedies of the parties hereunder shall be determined in accordance with such laws without reference to the laws of any other state or jurisdiction, except applicable federal laws, rules and regulations.

SECTION 8.07 Notices.

All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when delivered or mailed by certified or registered mail, postage prepaid, return receipt requested, addressed to the appropriate Notice Address. A duplicate copy of each notice, certificate or other communication given hereunder to the Commission, the Servicer, or the Trustee shall also be given to the others. The Commission, the Servicer or Trustee may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

SECTION 8.08 Severability.

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

SECTION 8.09 Further Assurances and Corrective Instruments.

To the extent permitted by law, the Commission, the Trustee and the Servicer agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required for carrying out the execution of or facilitating the performance of this Agreement.

SECTION 8.10 Term of Agreement.

This Agreement shall be in full force and effect from the date hereof and shall continue in effect so long as any Bonds issued under the SFB Program remain Outstanding or until such time as terminated pursuant to Section 6.01 hereof. The term through which the Servicer will accept reservations shall continue until _________, with the option by the Commission and agreed to by the Servicer, for __________ extensions, unless further modified or extended by mutual consent. It is agreed that the Servicer shall retain the servicing rights for the Mortgage Loans then being serviced at the end of the initial term of this Agreement or of any additional extension(s) periods and shall continue to service such Mortgage Loans and receive the Servicing Fee subject to payment to the Commission of the Commission Servicing Remainder on an ongoing basis.

SECTION 8.11 No Rights Conferred on Others.

Nothing in this Agreement shall confer any right upon any person other than the Commission, the Servicer, and the Trustee; provided, that the owners of the Bonds may enforce the rights of the Trustee hereunder.

SECTION 8.12 Signatories Not Liable.

This instrument is executed by officers of the Trustee, the Servicer and the Commission in their capacities as officers. No covenant, stipulation, obligation or agreement contained herein shall be deemed to be a covenant, stipulation, obligation or agreement of any present or future trustee, agent, counsel, officer or employee of the parties hereto in his or her individual capacity, and no officers executing this Agreement shall be liable personally on this Agreement or be subject to any personal liability by the issuance thereof.

SECTION 8.13 Successors and Assigns.

This Agreement shall be binding on the successors and assigns of the parties. Servicer shall not assign its rights hereunder except pursuant to Section 1.02(g) and Section 4.03.

SECTION 8.14 Limitation of Commission Liability.

Any claim of liability by the Trustee or the owners of the Bonds against the Commission hereunder or under the Origination Agreements shall be limited to the proceeds of the Bonds and the revenues of the SFB Program under the Indenture, subject to the superior liens thereon specified in the Indenture, including the lien of the owners of Bonds for the payment of principal of and interest and the lien ·of the Trustee for the payment of its fees and expenses thereunder which proceeds or revenues may be realized only upon those funds remaining under the Indenture and held by or subject to collection by the Trustee upon discharge of the Bonds and the payment of all amounts owed to the Trustee. The limitation contained in this Section 8.14 shall not apply to claims asserted by the Servicer against the Commission with respect to the Program Documents or any action, inaction or event with respect to transactions thereunder.

SECTION 8.15 Capacity of Trustee.

The Trustee is entering into this Agreement solely in its capacity as Trustee under the Indenture and the duties, powers and liabilities of the Trustee in acting hereunder shall be subject to the provisions of the Indenture, including, without limitation, the provisions of Article VIII thereof. In the event the SFB Program hereunder applies to bond proceeds held under an indenture other than the Homeownership Indenture and the Special Program Indenture, then this Agreement shall be supplemented to apply to such indenture(s) and the trustee(s) thereunder. The Servicer hereby consents to the use of a different trustee chosen by the Commission.

SECTION 8.16 [Reserved).

SECTION 8.17 Confidentiality of Data.

Subject to applicable public disclosure laws, the Commission and the Servicer acknowledge that all financial, statistical, personal, including any and all non-public personal information of a consumer or customer of a disclosing party hereunder (the "Disclosing Party"), technical and other data and information relating to the Disclosing Party's operation which are made available to the other party (the "Receiving Party") in connection with this Agreement, or which become available to the Receiving Party in connection with this Agreement, shall be protected by the Receiving Party from unauthorized use and disclosure. The Receiving Party will take all reasonable measures, including without limitation such measures as it takes to safeguard its own confidential information, to ensure the security and confidentiality of all information provided to it by the Disclosing Party, to protect against all threats or hazards to the security or integrity of the information, and to protect against unauthorized access to or use of the information. Should the Receiving Party experience a confirmed breach of the security of any system it maintains to protect data provided by the Disclosing Party or affecting any of the Disclosing Party's operations or customers, or should the Receiving Party determine, after conducting an appropriate investigation that there has been an unauthorized release of confidential information, then the Receiving Party shall notify the Disclosing Party and comply with applicable State and federal law in providing notice to affected borrowers, as applicable. Determinations regarding whether a breach has occurred and/or whether applicable law requires notice be provided to affected borrowers shall be made exclusively and in the sole discretion of the Receiving Party.

ARTICLE 9
TECHNOLOGY SERVICES

SECTION 9.01 Lender Web Portal Software.

Subject to the terms and conditions of this Agreement, during the term of this Agreement, the Servicer will provide a platform to host and manage the internet-accessible web site software used for participating lenders to upload closed loan packages, submit electronic loan files, and various other information required for Servicer purchase the Qualifying Mortgage Loans. The software will be owned and controlled by the Servicer (collectively hereinafter referenced as "Lender Connection" or "Software").

SECTION 9.02 Borrower Web Portal.

Subject to the terms and conditions of this Agreement, during the term of this Agreement, the Servicer will provide a platform to host and manage the internet-accessible web site software used for Mortgage Loan borrowers to make loan payments, inquire on tax information, and various information used to manage their loans. The software will be owned and controlled by the Servicer (collectively hereinafter referenced as "Borrower Connection" or "Software").

SECTION 9.03 License.

Subject to the terms and conditions of this Agreement, during the term of this Agreement, the Servicer grants to the Commission a non-exclusive, non-transferable, limited license, for the number of the Commission's employees that access and use the Lender Connection web site for the sole purpose of performing loan submission, loan processing, and loan closing services for the

Commission. The Commission shall not permit any third party to access the Lender Connection web portal except with notice and written approval of the Servicer. The Commission remains solely liable for the actions of such employees or third party exceptions and any damages or liabilities they may cause as a result of such access.

SECTION 9.04 Ownership of the Software.

The grant of the licenses set forth herein provides neither title nor intellectual property rights to the Software or to the patents, trademarks, trade secrets, copyrights or other intellectual property embodied or used in connection therewith, except for the rights expressly granted herein. The Software, including without limitation the structure, organization and code of the Software, and all documentation relating to the Software, are the confidential and proprietary property of the Servicer and/or its licensors, and all right, title and interest in and to such property and any and all copies of the Software (in whole or in part, and in any form) shall remain with the Servicer and/or its licensors, both during the term of and after any expiration or termination of this Agreement. The Commission acknowledges that the Servicer and/or its licensors have patent, copyright, trademark, trade secret and other intellectual property rights in the Software under United States and other foreign patent, copyright, trademark, trade secret and other intellectual property laws and international treaties, and that all such patent, copyright, trademark, trade secret and other intellectual property rights remain the exclusive property of the Servicer and/or its licensors at all times. The Commission shall not alter or remove any copyright or other proprietary notices on or in the Software or any other materials provided pursuant to this Agreement. The Commission expressly agrees not to attempt, or permit any third party, to modify or tamper with the normal function of any function in the Software that regulates usage or copying of the Software. The Servicer shall have the right to monitor usage of the software under this Agreement to verify the Commission's compliance with the purpose intended for the Software, with the restrictions set forth in this Agreement, as well as for monitoring transactions for the Servicer' s internal business purposes. The Servicer reserves all rights in the Software not expressly granted to Agency in this Agreement.

SECTION 9.05 Modifications to Software.

The Servicer reserves the right to modify the Software from time to time to enhance, collect or report additional data as required by the Servicer.

SECTION 9.06 Availability to Software.

The Servicer shall use its efforts to provide access to the Software twenty-two (22) hours a day, seven (7) days a week during the term of this Agreement. The Commission agrees that from time to time the Software may become inaccessible or inoperable for various reasons, including, without limitation, (a) equipment malfunctions, (b) periodic maintenance procedures or repairs which Servicer may undertake from time to time or (c) causes beyond the reasonable control of Servicer or which are not reasonably foreseeable by the Servicer, including interruption or failure of telecommunication or digital transmission links, hostile network attacks or network congestion or other failures (collectively "Downtime"). The Servicer generally performs routine system maintenance on all supporting systems between the hours of 5 pm MST/MDT to 5:15 pm MST/MDT. Scheduled Downtime may not be sufficient to provide updates to the Servicer. In the event that additional work needs to be performed outside of the scheduled Downtime, the Servicer will use its best efforts to schedule planned Downtime during non-peak hours for necessary updates and required maintenance. The Servicer shall use its efforts to minimize any disruption, inaccessibility and/or inoperability of the Software in connection with Downtime, whether scheduled or not.

SECTION 9.07 Information Security Program.

Servicer will maintain an information security program that includes administrative, technical and physical safeguards designed to protect the security and confidentiality of the Commission Data. The Servicer will obtain a Service Organizational Control report (SOC, formerly SAS70) along with vulnerability and penetration testing by independent auditors. The Servicer will also provide to the Commission upon the Commission's request a copy of any relevant security audit reports. If a breach of security or other unauthorized intrusion or access to Commission Data occurs while in the possession of the Servicer, if legally able to do so, the Servicer will promptly report to the Commission regarding the nature and extent of the information security incident and the corrective action taken by the Servicer in response.

SECTION 9.08 Penetration Scanning.

The Servicer engages a third party to perform a penetration scan of the Servicer's computer systems annually, the results of which will be provided to the Commission upon written request.

SECTION 9.09 Professional Services.

During the Initial Term and any Renewal Term, the Servicer shall provide certain professional services to the Commission, which may include implementation, consulting and/or training services (collectively hereinafter referenced as "Professional Services"). These Professional Services may include provisions of services or delivery of certain products, deliverables, reports or other items, which will be described, along with any terms and conditions that are additional to the Professional Services, in a Professional Services Statement of Work ("Professional Services SOW") entered into by the Commission and the Servicer, which will be governed by this Agreement, subject to any provisions of the Professional Services SOW that expressly override the terms set forth herein. The Commission acknowledges and agrees that the Professional Services set forth in any Professional Services SOW may include estimates and therefore, may be subject to change. The Commission will pay the Servicer the fees for the Professional Services set forth in a Professional Services SOW pursuant to the specific terms set forth therein.

The Servicer shall own all rights, title and interest in and to any Work Product (as defined below), as well as any other products, data, plans, specifications, reports, designs, code, "know how," documentation and other information or materials used or in any manner employed by the Servicer in the provision of Professional Services under this Agreement and any applicable Professional Services SOW ("Servicer Materials"), but which shall not include any Commission Data or Commission confidential information, including the Commission's products, data, plans, specifications, reports, designs, documentation and other information disclosed or provided to Servicer by the Commission in connection with the Professional Services. The Commission shall receive a non-transferable, non-exclusive, worldwide and royalty free license to use the Work Product, including any Servicer Materials incorporated into the Work Product, solely for the Commission's internal business purposes, upon payment in full of any amounts due pursuant to a Professional Services SOW and the Service Fees required for use of the Servicer products licensed or purchased hereunder, which license shall terminate upon termination of this Agreement. "Work Product" shall mean all materials, including without limitation, specifications, reports, designs, plans, documentation, templates, code and other information resulting from the Professional Services performed by Servicer under the Professional Services SOW.

SECTION 9.10 Branding Materials.

The Commission represents and warrants to the Servicer (a) that the Commission Content and any Commission Branding Materials do not infringe or violate the rights of any third party, including any copyright, trademark, service mark or other intellectual property rights; (b) that the Commission Content and any Commission Branding Materials are not defamatory or obscene and do not violate any right of privacy or publicity; and (c) that the Commission has sufficient power and authority to provide to the Servicer, and to authorize the Servicer's use of, the Commission Content and the Commission Branding Materials.

SECTION 9.11 Data Integration.

The Commission will provide the Servicer with daily loan originations and loan changes in digital file format. The Servicer will in tum provide daily electronic documents of loan data updates including purchase information back to the Commission in digital file format (collectively hereinafter referenced as "Data Integration"). These Dala Integration digital files will be placed on a secure FTP server managed by the Servicer with access by the Commission and the Servicer. During the Initial Term and any Renewal Term, the Servicer shall provide Data Integration digital files at no charge. If the Commission requires changes to the Data Integration file formats, electronic reporting, or process currently developed by Servicer, a Professional Services SOW may be required by the Servicer to the Commission.

SECTION 9.12 Electronic Reporting.

The Servicer will provide monthly reports digitally via a secure FTP server managed by the Servicer. The monthly reports will have information related to the Mortgage Loans purchase data and accounting data. If the Commission requires additional data not collected or reported by the Servicer, a Professional Services SOW may be required by the Servicer to the Commission.

SECTION 9.13 Data Transmission.

The Commission acknowledges, however, that it is possible that data transmissions over the Internet may be accessed by unauthorized third parties. If the Commission accesses the Software from a computer, the Commission agrees to use third party software, including Web browser software that supports a data security protocol compatible with the protocol used by the Servicer. Until notified otherwise by the Servicer, the Commission agrees to use software that supports the Secure Socket Layer protocol or other protocols accepted by Servicer and to follow Servicer's log-on procedures. The Commission acknowledges that the Servicer is not responsible for notifying the Commission of any upgrades, fixes or enhancements to any such software. The Commission understands and agrees that if the Commission employs a device that does not support data security software or other security protocols, the Commission acknowledges that it may not be able to access the Software and even if it could, the transmission of data while using the Software would not be secure and may be accessed by unauthorized third parties. In such event, the Commission assumes all risk and liability resulting therefrom.

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Statement of Work (SOW)

Monthly Post-Closing Quality Control Audits for Fannie Mae and Freddie Mac Loan Production

Between:
[redacted]
and
Washington State Housing Finance Commission (WSHFC)

Effective Date: January 1, 2026

Duration: Ongoing, with annual review and renewal options unless terminated per Section 8.

---

1. Purpose

The purpose of this Statement of Work is to outline the scope, roles, responsibilities, deliverables, and timelines for [redacted] to perform monthly Post-closing Quality Control (QC) audits on Fannie Mae and Freddie Mac loans originated under the Washington State Finance Commission's (WSHFC) loan programs. These audits are intended to ensure compliance with GSE guidelines, investor requirements, and internal policies.

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2. Scope of Work

[redacted] will perform the following activities under this agreement:

- Select and review a random and discretionary sample of closed Fannie Mae and Freddie Mac loans each month, as originated under the WSHFC programs.
- Perform QC reviews in accordance with:
  - Fannie Mae's Selling Guide and QC requirements.
  - Freddie Mac's Single-Family Seller/Servicer Guide.
- Conduct the following for each sampled loan:
  - Re-verification of key loan file documents (income, employment, assets, occupancy).
  - Review for underwriting accuracy and documentation sufficiency.
  - Validation of data integrity across AUS findings, credit, appraisal, and compliance documentation.
  - Detection of potential fraud or misrepresentation.

    - Compliance with applicable federal and state regulatory requirements.
- Document all findings, risk ratings, and in a monthly QC exception report.
- Maintain documentation for all reviewed loans and findings.

---

3. Sample Size and Frequency

- [redacted] will review a 10% of conventional random monthly closed loan production.
- Sampling will include:
    - Random selection is 10%
    - Limited discretionary reviews
- Reviews will be conducted monthly, with initial findings delivered within 65 days of month-end.

---

4. Deliverables

[redacted] will provide the following deliverables:

Deliverable	Description	Due Date
Monthly QC exceptions Report	Summary of all reviewed loans, findings, risk ratings, and remediation (if applicable)	Within 65 days of each month-end
Limited discretionary exception Reports	In-depth analysis on loans selected for targeted review	As needed
Meeting & Consultation	Available for quarterly review meetings or ad-hoc consultations to discuss findings or trends	As scheduled

---

5. Roles and Responsibilities

[redacted] Responsibilities:

- Maintain qualified QC staff with GSE guideline expertise.
- Ensure confidentiality and security of WSHFC data.
- Provide timely and accurate QC reviews per agreed standards.
- Work with Participating Lenders to cure audit findings.
- Notify WSHFC of any suspected fraud or significant compliance risk immediately.

WSHFC Responsibilities:

- Provide [redacted] with secure access to loan files or data necessary to complete QC reviews.
- Respond to inquiries and requests for documentation promptly.
- Review and address audit findings in collaboration with [redacted] recommend corrective actions identified through reporting or internal changes as needed. Work with appropriate [redacted] departments to implement corrective action plans for trends and system issues.
- Responsible for escalations, self-reports, misrepresentation/fraud, investigations and reporting.
- SARS Reporting.
- WSHFC will complete the monthly Post-Purchase audit report within 30 days of receipt of the monthly Post-Purchase audit completed by [redacted].
- WSHFC will vendor audit 10% of loans audited by [redacted].
- WSHFC will send [redacted] vendor audit requests for documentation and vendor audit findings within 30 days of receipt of [redacted] Post-Purchase audit.

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6. Performance Standards

- Complete entire Post-close QC cycle – selection, review, rebuttal and delivery of findings within 65 days from the end of month being audited.
- Include random and discretionary selections. Random post-closing selections are 10% and must use full-file reviews. Must be representative of all loan types, all branch offices, and manual or automated underwriting channels. Discretionary samples target areas with elevated risk including complex income profiles, high-risk property markets, high-risk business sources, early payment defaults, and loans tied with known defect trends.
- Evaluate loan application accuracy, income, assets, employment, credit, appraisal/collateral data, transaction and closing documents.
- All DU and LP messages, conditions and data accuracy must be validated and documented. If discrepancies exist – evaluate against DU tolerances. Notify WSHFC if the loan is ineligible as delivered so it can be self-reported.
- Reverify income and employment, IRS Tax Transcripts, Assets, Credit History, Property Eligibility and value, and Occupancy. Document unsuccessful reverification attempts.
- Conduct full appraisal reviews that confirm property eligibility and LTV/CLTV ratios, assess comparables, validate appraisal compliance, support reconciliation of value, address CU messages and flags. If unable to complete the risk assessment, a desk or field review by a licenses appraiser is required.
- In cases where errors have been discovered – determine error significance, obtain documentation sufficient to remediate, provide corrected documents to the custodian if applicable.
- Provide a monthly findings report, explanation of sample criteria and number of loans reviewed, results of random and discretionary reviews, identification of loans not eligible for sale without remediation.

- Retain all post-closing QC documentation in [redacted] for a minimum of three years.

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7. Confidentiality & Data Security

[redacted] will adhere to strict data security protocols and maintain all information received from WSHFC in accordance with applicable federal, state, and agency regulations, including:

- Secure transfer and storage of loan files.
- Role-based access control to loan documentation.
- Data retention in accordance with GSE requirements.

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8. Term & Termination

- This SOW will remain in effect until terminated by either party with 60 days written notice.

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9. Compensation

A [redacted] in consideration for all Quality Control Services to assist WSHFC to become a Freddie Mac and/or Fannie Mae Approved Seller/Servicer. Additionally, a schedule of sub-servicing fees will apply to any loans delivered under the sub-servicing agreement.

---

10. Point of Contact

For [redacted]

Name: [redacted]
Title: Quality Assurance Supervisor
Email: [redacted]
Phone: [redacted]

For WSHFC:

Name: Lisa DeBrock
Title: Homeownership Director
Email: lisa.debrock@wshfc.org
Phone: 206-287-4461

Signatures

[redacted]

By: ______________________________
Name: [redacted]
Title:
Date:

Washington State Housing Finance Commission

By: ______________________________
Name: Steve Walker
Title: Executive Director
Date:

Statement of Work (SOW)

Monthly Pre-Purchase Quality Control Audits for Fannie Mae and Freddie Mac Loan Production

Between:
[redacted]
and
Washington State Housing Finance Commission (WSHFC)

Effective Date: January 1, 2026

Duration: Ongoing, with annual review and renewal options unless terminated per Section 8.

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1. Purpose

The purpose of this Statement of Work is to outline the scope, roles, responsibilities, deliverables, and timelines for [redacted] to perform monthly Pre-Purchase Quality Control (QC) audits on Fannie Mae and Freddie Mac loans originated under the Washington State Finance Commission's (WSHFC) loan programs. These audits are intended to ensure compliance with GSE guidelines, investor requirements, and internal policies.

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2. Scope of Work

[redacted] will perform the following activities under this agreement:

- Select and review a random, limited discretionary and/or component sample of closed Fannie Mae and Freddie Mac loans each month, as originated under the WSHFC programs.
- Perform QC reviews in accordance with:
  - Fannie Mae's Selling Guide and QC requirements.
  - Freddie Mac's Single-Family Seller/Servicer Guide.
- Conduct the following for each sampled loan:
  - Verify data of key loan file documents (income, employment, assets, occupancy).
  - Review for underwriting accuracy and documentation sufficiency.
  - Validation of data integrity across AUS findings, credit, appraisal, and compliance documentation.

- Detection of potential fraud or misrepresentation.
  - Compliance with applicable federal and state regulatory requirements.
- Document all findings, risk ratings, in a monthly QC exception report.
- Maintain documentation for all reviewed loans and findings.

---

3. Sample Size and Frequency

- [redacted] will complete a random selection with a minimum of 1 full file QC and a few Pre-Component reviews each month.
- Sampling will include:
  - Random selection review(s)
  - Component reviews
  - Limited discretionary reviews may be completed and are not part of the monthly selections
- Reviews will be conducted monthly, with initial findings delivered within 45 days of month-end.

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4. Deliverables

[redacted] will provide the following deliverables:

Deliverable	Description	Due Date
Monthly QC exceptions Report	Summary of all reviewed loans, findings, risk ratings, and remediations (if applicable)	Within 45 days of each month-end
Limited Discretionary exception Reports	In-depth analysis on loans selected for targeted review	As needed
Meeting & Consultation	Available for quarterly review meetings or ad-hoc consultations to discuss findings or trends	As scheduled

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5. Roles and Responsibilities

[redacted] **Responsibilities:**

- Maintain qualified QC staff with GSE guideline expertise.
- Ensure confidentiality and security of WSHFC data.
- Provide timely and accurate QC reviews per agreed standards.
- Work with Participating Lenders to cure audit findings.

- Notify WSHFC of any suspected fraud or significant compliance risk immediately.

WSHFC Responsibilities:

- Provide [redacted] with secure access to loan files or data necessary to complete QC reviews.
- Respond to inquiries and requests for documentation promptly.
- Review and address audit findings in collaboration with [redacted].
- Recommend corrective actions identified through reporting or internal changes as needed.
- Responsible for escalations, declines, misrepresentation/fraud, investigations and reporting.
- SARS Reporting.
- WSHFC will complete the monthly Pre-Purchase audit report within 30 days of receipt of the monthly Pre-Purchase audit completed by [redacted].
- WSHFC will vendor audit 10% of loans audited by [redacted]
- WSHFC will send IHFA vendor audit requests for documentation and vendor audit findings within 30 days of receipt of [redacted] Pre-Purchase audit.

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6. Performance Standards

- Adherence to timelines outlined in Section 4.
- Conduct monthly Pre-purchase QC loan selection for of the prior month's total number of conventional loans originated for WSHFC a Master Servicer.
- Monitor Appraisal Quality Monitoring (AQM) systems monthly to identify appraisers subject to 100% review or those excluded by Fannie Mae and Freddie Mac.
- WSHFC will conduct Action Plan and Participating Lender Performance Monitoring: 30 days initial discussions of findings, 60 days review remediations, 90 days issue written action plan requirements for unresolved issues, 120 days discuss potential program suspension of non-compliance persists.
- Ensure compliance with DU/LP messages and verify employment, income, assets, and collateral documentation.
- Ensure proper execution of PIW offers and compliance with Fannie Mae policies, Validate PIW offers using DU Findings Report and ensure proper documentation.
- Retain all Pre-Purchase QC documentation in [redacted] for a minimum of three years.

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7. Confidentiality & Data Security

[redacted] will adhere to strict data security protocols and maintain all information received from WSHFC in accordance with applicable federal, state, and agency regulations, including:

- Secure transfer and storage of loan files.
- Role-based access control to loan documentation.
- Data retention in accordance with GSE requirements.

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8. Term & Termination

- This SOW will remain in effect until terminated by either party with 60 days written notice.

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9. Compensation

A [redacted] Quality Control Services to assist WSHFC to become a Freddie Mac and/or Fannie Mae Approved Seller/Servicer. Should the need arise, a per loan charge for a limited discretionary audit will be developed. Additionally, a schedule of sub-servicing fees will apply to any loans delivered under the sub-servicing agreement.

---

10. Point of Contact

For [redacted]

Name: [redacted]
Title: [redacted]
Email: [redacted]
Phone: [redacted]

For WSHFC:

Name: Lisa DeBrock
Title: Homeownership Director
Email: lisa.debrock@wshfc.org
Phone: 206-287-4461

Signatures

[redacted]

By: ______________________________
Name: [redacted]
Title: [redacted]
Date:

Washington State Housing Finance Commission

By: ____________________________
Name: Steve Walker
Title: Executive Director
Date:

Statement of Work (SOW)

Monthly Servicing Quality Control Audits for Fannie Mae and Freddie Mac Loan Production

Between:
[redacted]
and
Washington State Housing Finance Commission (WSHFC)

Effective Date: January 1, 2026

Duration: Ongoing, with annual review and renewal options unless terminated per Section 8.

---

1. Purpose

The purpose of this Statement of Work is to outline the scope, roles, responsibilities, deliverables, and timelines for [redacted] to perform monthly Servicing Quality Control (QC) audits on Fannie Mae and Freddie Mac loans originated under the Washington State Finance Commission's (WSHFC) loan programs. These audits are intended to ensure compliance with GSE guidelines, investor requirements, and internal policies.

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2. Scope of Work

[redacted] will perform the following activities under this agreement:

- Select and review a random and targeted sample of closed Fannie Mae and Freddie Mac loans each month, as serviced under the WSHFC programs.
- Perform Servicing QC reviews in accordance with:
  - Fannie Mae's Servicing Guide and QC requirements.
  - Freddie Mac's Single-Family Seller/Servicer Guide.
- Conduct the following for each sampled loan:
  - Review for servicing accuracy and documentation sufficiency.
  - Detection of potential fraud, misrepresentation, or policy exceptions.
  - Compliance with applicable federal and state regulatory requirements.
- Document all findings, risk ratings, and recommendations in a monthly Servicing QC report.

- Maintain documentation for all reviewed loans and findings in a secure, auditable format.

---

3. Sample Size and Frequency

- [redacted] will review a 10% random stratification sampling of loans serviced each month.
- Sampling will include:
  - Random selection
  - Limited discretionary reviews
- Categories sampled will be:
  - General servicing operations
  - Default management and loss mitigation
  - Escrow administration
  - Foreclosure administration
  - Claims
- Reviews will be conducted monthly, with initial findings delivered within 30 days of month-end.

---

4. Deliverables

[redacted] will provide the following deliverables:

Deliverable	Description	Due Date
Monthly Servicing QC Audit Report	Summary of all reviewed loans, findings, risk ratings, and corrective actions (if applicable)	Within 30 days of each month-end
Targeted Review Reports	In-depth analysis on loans selected for targeted review	As needed
Meeting & Consultation	Available for quarterly review meetings or ad-hoc consultations to discuss findings or trends	As scheduled

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5. Roles and Responsibilities

[redacted] **Responsibilities:**

- Maintain qualified Servicing QC staff with GSE guideline expertise.

- Ensure confidentiality and security of WSHFC data.
- Provide timely and accurate Servicing QC reviews per agreed standards.
- Notify WSHFC of any suspected fraud or significant compliance risk immediately.

WSHFC Responsibilities:

- Provide [redacted] with secure access to loan files or data necessary to complete QC reviews.
- Respond to inquiries and requests for documentation promptly.
- Review and address audit findings in collaboration with [redacted].
- Implement recommended corrective actions or internal changes as needed.
- WSHFC will complete the monthly servicing audit report within 30 days of receipt of the monthly servicing audit completed by [redacted].
- WSHFC will vendor audit 10% of loans audited by [redacted].
- WSHFC will send [redacted] vendor audit requests for documentation and vendor audit findings within 30 days of receipt of [redacted] audit.

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6. Performance Standards

- Each month, generally audit 10% of mortgage loans that are serviced on behalf of WSHFC to ensure compliance with Fannie Mae and Freddie Mac guidelines depending on availability within each Area of Responsibility. Based on results, some AORs may be increased or decreased in number and timing of audits.
- Provide a spreadsheet with details of each audit within 60 days of month end that includes agreed upon loan information, origination information, audit information and findings that can be used by the WSHFC for monthly reporting.
- Timely notification to WSHFC of any loans recommended for self-reporting or fraud review.
- Maintain systems and controls that reduce errors and omissions by officers, employees, and other authorized parties.
- QC program will evaluate the effectiveness of key activities, including: borrower contact and foreclosure-prevention calls, use and performance of Behavioral Model Tools, accuracy of documentation in the servicing systems, property consideration of workout options per relevant hierarchies, adequacy of internal controls related to per-referral to foreclosure review.
- Document timely corrective action when issues arise.
- Retain all Servicing QC documentation in [redacted] for a minimum of three years.

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7. Confidentiality & Data Security

[redacted] will adhere to strict data security protocols and maintain all information received from WSHFC in accordance with applicable federal, state, and agency regulations, including:

- Secure transfer and storage of loan files.
- Role-based access control to loan documentation.
- Data retention in accordance with GSE requirements.

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8. Term & Termination

- This SOW will remain in effect until terminated by either party with 60 days written notice.

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9. Compensation

A [redacted] consideration for all Quality Control Services to assist WSHFC to become a Freddie Mac and/or Fannie Mae Approved Seller/Servicer. Additionally, a schedule of sub-servicing fees will apply to any loans delivered under the sub-servicing agreement.

---

10. Point of Contact

For [redacted]:
Name[redacted]
Title: [redacted]
Email: [redacted]
Phone: [redacted]

For WSHFC:
Name: Lisa DeBrock
Title: Homeownership Director
Email: lisa.debrock@wshfc.org
Phone: 206-287-4461

Signatures

[redacted]

By: ______________________________
Name: [redacted]
Title: [redacted]
Date:

Washington State Housing Finance Commission

By: ______________________________
Name: Steve Walker
Title: Executive Director
Date: