



Participation Agreement

Deon Spilker

5/25/2018



Table of Contents

Section 1	Recitals and Signatures	3
Section 2	Content of Contract, Notices, Amendments, Interpretation and Definitions	5
2.1	Contractual Basis of Relationship between UHC and Lender	5
2.2	Phrases	5
2.3	Amendments.....	5
2.4	Printed Copies	6
2.5	Notices	6
2.6	Interpretation.....	6
2.7	Definitions.....	7
Section 3	Representations, Warranties and Covenants	8
3.1	Mortgage Lender Application	8
3.2	Lender Qualifications	8
3.3	Other Covenants	9
3.4	Changes	11
3.5	Lender’s Representations, Warranties and Covenants for Mortgage Loans	11
3.6	UHC’s Right to Reject Mortgage Loans	15
3.7	Continuing Nature of Representations and Warranties	15
3.8	Contractual Basis of Relationship between UHC and Lender	16
3.9	Representations, Warranties and Covenants of UHC.....	16
Section 4	Purchase of Mortgage Loans	17
4.1	Mortgage Purchase Agreement	17
4.2	Non-Conformity with Agreement	17
4.3	Servicing Released.....	17
4.4	No Solicitation	17
4.5	Other Rights	17
Section 5	Continuing Obligations.....	19
5.1	Annual Financial Statements	19
5.2	Lender Audits by UHC	19

Participation Agreement

Recitals and Signatures



5.3	Compliance with Applicable Law	20
Section 6	Remedies.....	21
6.1	Duty to Repurchase Mortgage Loans.....	21
6.2	UHC Remedy Fee.....	22
6.3	Early Delinquency.....	22
6.4	Purchase Price for Re-Purchased Mortgage Loan.....	23
6.5	Bankruptcy, Insolvency or Debarment of Lender	23
6.6	Termination, Suspension or Default Actions	24
6.7	Other Remedies	25
6.8	Request for Reimbursements, Refunds or Repayments.....	25
Section 7	Other Agreements	27
7.1	No Waiver	27
7.2	Jurisdiction	27
7.3	Invalidation	27
7.4	Successors	27
7.5	Termination by Lender	27
Section 8	Exhibit A to Participation Agreement.....	28



Section 1 Recitals and Signatures

**UTAH HOUSING CORPORATION (UHC)
SINGLE FAMILY MORTGAGE PROGRAM
PARTICIPATION AGREEMENT
RECITALS AND SIGNATURES**

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

WHEREAS, UHC has created its Single Family Mortgage Loan Program (the “Program”) for the purpose of purchasing qualifying loans made by participating lenders to low and moderate income homebuyers to finance the purchase of single family homes (as defined below, “Mortgage Loans”);

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

WHEREAS, UHC is willing to purchase Mortgage Loans from Lender, pursuant to the provisions of this Agreement;

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

Utah Housing Corporation

Lender: _____

By: _____

By: _____

(Signature)

(Print Name)

Its: _____

Its: _____

Participation Agreement

Recitals and Signatures



Address: 2479 South Lake Park Blvd
West Valley City, UT 84120

Address: _____

City, State, Zip

Fannie Mae Seller ID _____ OR Fannie Mae Seller/Service ID _____

Freddie Mac Seller ID _____ OR Freddie Mac Seller/Service _____

FHA Mortgagee ID _____

*Official E-mail address to be used by UHC to communicate Participation Document amendments and updates, future program modifications, daily rate notices, and other communication:

Designated Lender Contact: _____ Phone # _____

Lender Designated Contact E-mail: _____

Section 2 Content of Contract, Notices, Amendments, Interpretation and Definitions

2.1 Contractual Basis of Relationship between UHC and Lender

UHC agrees to purchase Mortgage Loans from Lender pursuant to the following agreements (the "Participation Documents"), which collectively form the contractual basis for such transactions:

1. This Participation Agreement;
2. Mortgage Purchase Agreement;
3. Selling Supplement; and
4. All other documents incorporated into this Agreement.

2.2 Phrases

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

2.3 Amendments

Amendments and additions to the Participation Documents may be made from time to time by UHC and notification of such changes shall be distributed to the Lender Designated Contact Email listed in Section 1 above. Such amendments and additions shall be effective immediately as to all future purchases of Mortgage Loans pursuant thereto. If Lender does not agree with any such amendment or addition, Lender may give notice thereof to UHC, and (1) all purchases of Mortgage Loans the rates for which have been locked shall be completed in accordance with the then existing Participation Documents, (2) no new transactions shall be undertaken and (3) this Agreement may be terminated by UHC upon notice thereof to Lender. Exhibit A to this Agreement are the current Income Limits, Acquisition Cost Limits, loan purchase prices, and the fees that must be used for Mortgage Loans originated for sale to UHC. The latest interest rate information will be shown on the UHC website.

Participation Agreement

*Content of Contract, Notices, Amendments,
Interpretation and Definitions*



2.4 Printed Copies

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

2.5 Notices

Any Program changes issued by UHC may be delivered electronically to the e-mail address furnished by Lender on the Recitals and Signatures page of this Agreement. Other notices or communications to be given under the Participation Documents shall be given either by e-mail, delivering the same in writing by hand, by mailing first class with the United States Postal Service, or by facsimile transmission promptly confirmed by mailing first class with the United States Postal Service, addressed to UHC as shown in this section or to Lender as specified on the Recitals and Signatures page of this Agreement. Lender agrees any changes to the Lender Designated Contact Email or to Lender's street address or fax number must be submitted in writing to UHC's VP of Mortgage Banking. Lender may not send Nonpublic Personal Information to UHC via e-mail unless it is encrypted using a system acceptable to UHC.

If to UHC:

Vice President of Mortgage Banking
Utah Housing Corporation
2479 S. Lake Park Blvd.
West Valley City, UT 84120
Fax: (801) 902-8327
Email: dspilker@uthc.org

2.6 Interpretation

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

Participation Agreement

*Content of Contract, Notices, Amendments,
Interpretation and Definitions*



2.7 Definitions

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

Section 3 Representations, Warranties and Covenants

3.1 Mortgage Lender Application

Lender hereby represents and warrants that all documents, materials and other information that Lender submitted in connection with its application to be approved as a "Lender" were true, accurate and complete and did not omit any material fact with respect to the information provided therein.

3.2 Lender Qualifications

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

1. Be a commercial bank, trust company, savings and loan association, mortgage bank, credit union or other similar financial institution having as one of its principal purposes the making of mortgage loans in its usual and regular course of business, and otherwise qualifies as a "Lender" as defined in the Participation Documents;
2. Be authorized to transact mortgage lending business in Utah;
3. Maintain one or more mortgage loan origination offices in Utah, which is open to the public and fully staffed with experienced personnel who make purchase money mortgage loans for owner-occupied single-family residences located in Utah;
4. Be authorized at all times during the term of the Agreement by Federal and State law and regulations to make and sell the Mortgage Loans that it has agreed to sell to UHC;
5. Be an FHA-approved mortgagee, Fannie Mae and/or Freddie Mac-approved seller and employ at least one Fannie Mae and/or Freddie Mac Underwriter and "FHA Direct Endorsement Underwriter;"
6. If Lender sells any conventional, uninsured Mortgage Loan to UHC under the Participation Documents, Lender will be at the time of the origination of any conventional Mortgage Loan, and at all times thereafter, an approved seller to Fannie Mae or Freddie Mac;
7. Not be ineligible to participate in Federal Housing Administration (FHA), Ginnie Mae, Fannie Mae or Freddie Mac Programs;
8. As shown in its most recent quarterly financial statement (or if its financial condition is reflected on a consolidated basis with that of a parent company or companies, then as reflected in its parent company's most recent quarterly consolidated financial statement), be in compliance

with any capital requirement imposed by a State or Federal regulatory authority with supervisory authority over it or its parent company or companies;

9. Have and maintain an adequate and reliable warehouse line of credit or other mortgage loan funding source in an amount sufficient to enable Lender to disburse Mortgage Loan proceeds at the time of Closing for all Mortgage Loans for which it obtains a Mortgage Purchase Agreement from UHC;
10. Have during a recent twelve-month period, which period shall be designated by UHC, made and sold to an institutional mortgage investor (which may include UHC) not less than 25 purchase money mortgage loans for owner-occupied single-family residences located in Utah;
11. Have sold to UHC not less than six First Mortgage Loans in any consecutive six-month period; and
12. Have performed a post-Closing review of those items required in Lender's approved Fannie Mae, Freddie Mac and/or FHA quality control plan for not less than 5% of the Mortgage Loans delivered for sale to UHC each calendar year; provided, however, newly-qualified Lenders shall perform a post-Closing review of the first two Mortgage Loans delivered for sale to UHC. (See also Part II of the Selling Supplement regarding the additional review required for third party originations.)

3.3 Other Covenants

Lender agrees as follows:

1. Lender and its officers and employees acting on its behalf have full legal authority to engage in the transactions covered by the Participation Documents, and that such participation does not violate the charter or by-laws of Lender or any agreement, rules, or regulations to which it is subject; that agreements, assignments and other documents executed on behalf of Lender are binding obligations of Lender; and Lender shall not be a party to or be bound by any agreement, instrument or other restriction, law or regulation which now or in the future may adversely affect the ability of Lender to perform its obligations under the Participation Documents.
2. Lender is responsible for maintaining the confidentiality of the non-public personal information (NPI) of Applicants and Borrowers accessed by Lender or its employees through the UHC website or any other UHC approved systems. Authorized use of Lender's passwords and log-in information are the responsibility of Lender. Lender covenants that it will only provide access to authorized employees trained to protect NPI and will insure that its employees will only use NPI accessed through the UHC website for authorized purposes. Lender agrees to cooperate with UHC to terminate access to UHC's website of Lender's former employees or those employees

Participation Agreement

Representations, Warranties and Covenants



whose access privileges are revoked. UHC reserves the right to suspend, revoke or terminate access of Lender's current or former employees for unauthorized or improper use of the UHC website.

3. Lender shall indemnify, defend, and hold harmless UHC for any liability or expense arising from use, misuse, failure of Lender to terminate access privileges or unauthorized access by Lender's employees.
4. Lender shall immediately notify UHC of any unauthorized use of UHC website or any other breach of security relating to UHC website known to Lender.
5. Lender shall give all forms, notices or documents required to be given by any statute, rule or regulation, administrative publication, contract, or rider thereto with respect to Mortgage Loans delivered to UHC including, but not limited to, any requirements relating to Limited English Proficiency (LEP). Lender shall provide such reports and information as UHC shall reasonably request to confirm compliance with this covenant.
6. Lender represents and warrants with respect to each copy of a document delivered to or submitted for inspection by UHC that the same is a true, correct, and complete copy of the original thereof.
7. Lender shall obtain as much information as is reasonably possible and notify UHC as soon as possible if it should become aware of:
 - (a) Any additional cash transactions taking place to circumvent UHC's Acquisition Cost Limits,
 - (b) Any inaccuracy in gift letters or sources of Borrower's down payment, Closing costs or other cash contributions to a Mortgage Loan transaction,
 - (c) Misrepresentations of Borrower's income,
 - (d) Borrower's failure to occupy the Mortgaged Premises as Borrower's Principal Residence,
 - (e) Borrower using more than 15% of the area of the Mortgaged Premises primarily in a trade or business, or
 - (f) Borrower using the Mortgaged Premises as investment property or as a recreational home, or
 - (g) Borrower renting any part of the Mortgaged Premises.

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

3.4 Changes

In the event that there is any change to Lender's situation or circumstances (legal or financial) that renders any previously submitted information inaccurate or misleading, Lender shall promptly give notice to UHC of such change.

3.5 Lender's Representations, Warranties and Covenants for Mortgage Loans

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

1. Each mortgage loan submitted to UHC is a Mortgage Loan and is in compliance with all terms and conditions of the Participation Documents.
2. The Mortgage Loan is an interest-bearing obligation secured by a Mortgage, the assignment of which to UHC will convey a first lien on mortgaged property, including land and improvements thereon located in Utah, constituting a single-family Residence identified and described in the Mortgage securing the Mortgage Loan, and will constitute a valid and enforceable first lien in favor of UHC on the land and improvements described therein, and such property will be free and clear of all other liens and encumbrances and will be subject only to real property taxes and assessments not yet due, and permitted liens and encumbrances as set forth in the Participation Documents.
3. The Residence with respect to which the Mortgage Loan is made is covered by a valid and subsisting Standard Hazard Insurance Policy or such other coverage as may be required in the Participation Documents with an endorsement by the insurer in favor of Lender and its successors and assigns, issued by a company lawfully doing business in the State, providing as a minimum, insurance on a replacement cost basis in an amount not less than that necessary to comply with any co-insurance percentage stipulated in the policy and not less than eighty percent (80%) (100% for Condominium Units or attached PUD Units) of the insurable value, based upon replacement cost or the outstanding principal balance of the Mortgage Loan, whichever is greater, which insurance and the carrier of the insurance comply with all requirements of the Participation Documents.
4. The Mortgage Loan is insured by FHA or guaranteed by VA in an amount and manner set forth in the Participation Documents. Such insurance or guarantee is in full force and effect and will inure to the benefit of UHC as mortgagee.

Participation Agreement

Representations, Warranties and Covenants



5. The Mortgage Loan is a conventional, uninsured mortgage underwritten through Fannie Mae's Desktop Underwriter (DU), using the Preferred Risk Share selection and receiving an "Approve/Eligible" recommendation from DU or, after UHC gives notice that Freddie Mac underwriting is permitted, underwritten through Freddie Mac's Loan Product Advisor (LP), receiving a Risk Class of "Accept" from LP, using the Home Possible Advantage for HFA's selection.
6. The proceeds of the Mortgage Loan are being devoted to providing a Residence for Low and Moderate Income Persons, within the Income Limits established by UHC; and no cash proceeds of the Mortgage Loan shall be disbursed to the Borrower or any other person for the benefit of the Borrower, including amounts representing value of any land owned by the Borrower prior to Closing, except for the reimbursement of excess cash deposits or cash down payment paid by the Borrower prior to Closing.
7. The Mortgage Loan is payable as specified in the Participation Documents.
8. In Lender's judgment, the Mortgage Loan is in all respects a prudent investment at the purchase price paid by UHC. The Mortgage Loan is of sufficient quality that Lender would be willing to own the Mortgage Loan.
9. The interest rate on the Mortgage Loan does not exceed the rate specified in the Mortgage Purchase Agreement. Monthly installments shall be due on the first day of each month and shall be payable in monthly installments on the principal amount of the Mortgage Loan outstanding on the due date of each installment.
10. Total settlement costs and financing costs paid by the Borrower and seller of the Residence are accurately reflected on the Closing Disclosure signed by the Borrower and seller of the Residence in connection with the Closing.
11. The Current Annual Household Income (FirstHome Loan) or the Qualification Income (HomeAgain, Score, or NoMI Loan) of the Borrower does not exceed the Income Limits as listed on Exhibit A.
12. The Acquisition Cost of the Residence with respect to which the Mortgage Loan is made does not exceed the Purchase Price limits as listed on Exhibit A.
13. The Mortgaged Premises constitutes a single-family Residence occupied by the owner thereof as Borrower's Principal Residence with title held by such owner in fee simple, and is not subject to any Leasehold interests or life estates.

Participation Agreement

Representations, Warranties and Covenants



14. The Borrower had the legal capacity to execute the Mortgage and all documents relating thereto, and the Mortgage Loan and the Mortgage are valid and binding legal obligations of the Borrower, enforceable in accordance with their terms.
15. For a FirstHome Mortgage Loan, the Borrower has not had a present ownership interest in any Principal Residence at any time during the three year period preceding the date the related Mortgage Loan delivered to UHC was executed; provided, however, that the foregoing statement set forth shall not apply in the following circumstances:
 - (a) Borrower is a Veteran, or
 - (b) Borrower qualifies as a Single Parent.
16. The Borrower does not own any other properties purchased under any UHC Program which will be retained for any purpose.
17. The Mortgage Loan is the subject of a title insurance policy which complies with all requirements of the Participation Documents.
18. The Mortgage Loan is in compliance with credit underwriting and property appraisal requirements of Fannie Mae, Freddie Mac, FHA, VA and the Participation Documents.
19. No payment required by the Mortgage is Delinquent, no event of Default under the Mortgage which has occurred is continuing, and no event has occurred which would, by the passage of time or giving of notice thereof, constitute an event of Default under the Mortgage.
20. For a FirstHome, HomeAgain, or Score Loan, the improvements to the Mortgaged Premises are fully completed except as contemplated by the Rehabilitation to be completed under a Mortgage Loan insured by FHA under its Streamlined 203(k) program. All such improvements are, or shall be in the case of Mortgage Loans insured under its Streamlined 203(k) program, completed as represented in the appraisal report, in compliance with all building and zoning codes, restrictions, regulations and other codes and regulations of the city, town or county in which the Mortgaged Premises is located, and are located entirely upon the real property constituting the Mortgaged Premises.
21. Without limiting the generality of the foregoing, the Mortgaged Premises have culinary water and sewage disposal facilities which (a) are connected to completed, functioning city, town, or county governmental ("municipal") culinary water system or a stock water company culinary water system and a municipal sewage disposal system; or (b) if not connected to a municipal or stock water company water system and/or municipal sewer system, include a functioning well and/or septic tank, and/or related or similar systems which are wholly dedicated to the use of the Mortgaged Premises, which systems are located wholly within the boundaries of the

Participation Agreement

Representations, Warranties and Covenants



Mortgaged Premises and which are wholly owned by the Borrower. All improvements to the culinary water and sewage disposal systems are in compliance with all building, health and zoning codes, restrictions, regulations and other codes and regulations of the city, town or county in which the Mortgaged Premises is located.

22. The Mortgaged Premises and improvements thereon have not been damaged in any way so as to adversely affect the value of the Mortgage to UHC or the use of such premises and improvements for their intended purpose, and there is no pending or threatened proceeding for the total or partial condemnation of the Mortgaged Premises.
23. The Mortgaged Premises, the improvements thereon and their intended use comply with all laws or rules and regulations relating to or governing the protection of the environment; and there is no threatened or pending case or proceeding directly involving the Mortgaged Premises in which compliance with any such law, rule or regulation is or will be in issue.
24. If the Mortgaged Premises constitute a Condominium Unit or PUD Unit, such unit is located within a Condominium or PUD Project which meets the requirements of the Participation Documents.
25. The terms, covenants and conditions of the Mortgage have not been changed in any respect which would materially affect its value, validity or enforceability, the prompt payment of the Mortgage Loan, or the security of the lien of the Mortgage.
26. The Mortgage is not subject to any existing assignment or pledge, and Lender has good title thereto and full right and authority to assign and transfer the same and to endorse and deliver the Note secured by such Mortgage and all documents described in the Participation Documents free and clear of encumbrances except permitted liens and encumbrances as described in the Participation Documents.
27. No counterclaim, offset, defense or right of rescission exists which can be asserted and maintained by the Borrower or Borrower's successor in interest against UHC.
28. The Mortgage complies with all applicable local, State and Federal laws, rules and regulations which govern the affairs of Lender and the Borrower.
29. Lender has not advanced funds, or directly or indirectly induced or solicited any advance of funds by another for the payment of principal, interest, or Escrow Payments required by the Mortgage.
30. The information set forth in the mortgage submission package has been accurately stated, and the amounts of the principal balance and interest including accrued interest, if any, are justly due and owing.

31. Each Mortgage, financing statement, and any other document required to be filed in a public office to perfect the lien of the Mortgage for the benefit of UHC against third parties has been duly and timely filed, registered, or recorded by Lender in the proper public office in order to give constructive notice thereof to all subsequent purchasers or encumbrances.
32. The lien of, or estate created by, the Mortgage has not been satisfied, subordinated or impaired, in whole or in part, except for the payment of principal and interest as disclosed to UHC by Lender prior to UHC's purchase of the Mortgage, no part of the mortgaged property has been released therefrom, nor has any interest or participation in the Mortgage been assigned, and Lender has not executed any instrument of release, cancellation, subordination, or satisfaction with respect to the mortgage.
33. Reproductions and replicas of UHC Forms generated by Lender as permitted in the Participation Documents contain, without deviation and in order, all language contained and information to be reported in such UHC Forms.
34. Lender has complied with all applicable local, State and Federal law with respect to the Mortgage Loan.

3.6 UHC's Right to Reject Mortgage Loans

1. Notwithstanding anything in Participation Documents to the contrary, UHC shall at all times have the right to decline to purchase any Mortgage Loan offered or submitted to it by Lender if, in the reasonable opinion of UHC, the Mortgage Loan does not conform to the requirements of FHA/VA, Fannie Mae, Freddie Mac, the Act, UHC's Rules, the Participation Documents, and/or the applicable General Resolution.
2. Lender agrees to pay a Mandatory Non-Delivery fee to UHC for any first mortgage loan not purchased by UHC where an MPA has been issued and a Subordinate Loan was funded by UHC. The Non-Delivery fee will be calculated at 6% of the principal sum listed on the First Mortgage Promissory Note.

3.7 Continuing Nature of Representations, Warranties and Covenants

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

Participation Agreement

Representations, Warranties and Covenants



2. Lender shall, at its expense, execute all other documents and take all other steps requested by UHC from time to time to perform the agreements contained in the Participation Documents.

3.8 Contractual Basis of Relationship between UHC and Lender

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

3.9 Representations, Warranties and Covenants of UHC

1. UHC represents and warrants that the issuance of each Mortgage Purchase Agreement has been duly authorized and is in all respects in compliance with the Act, UHC's By-Laws and Rules, the Participation Documents and, if applicable, the General Resolution.
2. With respect to Nonpublic Personal Information (NPI), UHC agrees to implement and apply appropriate security measures designed to meet the objectives of the Federal Trade Commission Information Safeguards Rule. UHC will indemnify, defend and hold harmless Lender for any liability or expense arising from the use or misuse by UHC employees of NPI provided by Lender to UHC.

Section 4 Purchase of Mortgage Loans

4.1 Mortgage Purchase Agreement

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

4.2 Non-Conformity with Agreement

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

4.3 Servicing Released

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

1. UHC shall pay to Lender a servicing release fee (SRP) or premium at the time a Mortgage Loan is purchased by UHC. Lenders authorized officer may request a copy of the current SRP and premium schedule from UHC Vice President of Mortgage Banking.
2. UHC will not pay a SRP for the Subordinate Loan.
3. Nothing herein shall prevent UHC from transferring its rights to service any Mortgage Loan subject to this Agreement.

4.4 No Solicitation

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

4.5 Other Rights

Except as modified herein, the provisions of this Section 4 do not adversely affect the rights accrued to either party or any other obligations arising under the Participation Documents. All other terms and

Participation Agreement

Purchase of Mortgage Loans



provisions of the Participation Documents shall remain in full force and effect except as expressly amended hereby.

Remainder of page intentionally left blank.

Section 5 Continuing Obligations

UHC has multiple Loan Programs that are described later in this document; however, the following general requirements apply.

5.1 Annual Financial Statements

1. Lender shall submit to UHC annually, within three months of its fiscal year end, its audited financial statements prepared under generally accepted accounting principles, including the opinion of an independent public accountant. When Lender's financial condition is reflected on a consolidated basis with that of a parent company or companies, consolidating information shall be submitted to UHC.
2. If Lender is an FDIC or NCUA insured depository that is supervised and examined by a State or Federal regulatory agency, and Lender submits to UHC a complete regulatory report containing comprehensive financial information (such as the 10-K) with a certification that the report is identical to that furnished to its supervising authority, Lender will not be required to provide an independent public accountant's opinion.

5.2 Lender Audits by UHC

1. UHC may audit Lender periodically to test for compliance with the requirements set forth in the Participation Documents.
2. UHC shall provide reasonable notice to Lender of the beginning date of any audit and may request that specific files, records and materials be made available to UHC. Representative(s) of UHC may conduct the audit at the offices of Lender, or may request Lender to deliver files, records or other appropriate material to UHC's office for the audit. Lender shall provide working space for UHC representative(s) and deliver such records, files and materials by the date(s) specified by UHC.
3. The audit scope may include, but not be limited to, such areas as: (a) compliance with UHC requirements and Federal and State laws and regulations, (b) underwriting quality, (c) compliance with FHA or VA requirements, (d) document retention, (e) cash control, escrow accounting and remittance compliance.
4. Lender agrees to take corrective actions to cure any deficiencies or violations of the applicable requirements that are found through the audits. When timely and adequate corrections are not (or cannot) be completed to the satisfaction of UHC, Lender will be deemed to be in Default and UHC may pursue any and all remedies outlined in Participation Documents.

5.3 Compliance with Applicable Law

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

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Section 6 Remedies

6.1 Duty to Repurchase Mortgage Loans

1. UHC agrees to notify Lender in writing of the existence of any noncompliance known to UHC giving rise to any obligations of Lender under this Section 6. Lender shall have thirty (30) days after the date of such notification within which to:
 - (a) Repurchase such Mortgage Loan; or
 - (b) Submit further information to UHC and to request that UHC reconsider the basis upon which the repurchase notice was issued.
2. In the event UHC rejects a reconsideration request of Lender, and reconfirms its repurchase notice, Lender shall, within thirty (30) days after the date UHC delivers its reconfirmation of the repurchase notice, either:
 - (a) Repurchase such Mortgage Loan, or
 - (b) Cure the deficiencies identified by UHC to the satisfaction of UHC.
3. Lender shall repurchase from UHC (A) in the case of a NoMI loan, a Mortgage Loan and any UHC Subordinate Mortgage Loan made in connection therewith, or (B) in the case of a FirstHome, HomeAgain, or Score loan, a Mortgage Loan and a fee of 6% of the Mortgage Loan under any one or more of the following circumstances:
 - (a) If any of the original documents with respect to a Mortgage Loan differ in any material respect from the copies delivered to UHC;
 - (b) If any of the underwriting analysis performed by Lender is based on data which differs in any material respect from the data provided by the Applicant or any third party whose verification of such data was obtained;
 - (c) Lender fails to deliver any documents or information as UHC reasonably requests to be delivered following the purchase of an Incomplete Mortgage by UHC within the time specified in the Participation Documents;
 - (d) For a NoMI, FirstHome, HomeAgain, or Score loan, improvements, alterations or repairs to the property securing the Mortgage Loan as contemplated by the appraisal are not completed within 90 days of the execution of the Mortgage;
 - (e) In the event that FHA or VA: (i) cancels coverage, (ii) cancels the mortgage guarantee or (iii) denies a claim because of fraud, misrepresentation or omission of a material fact or any other reason affecting the Mortgage Loan for mortgage insurance or guarantee;

- (f) Lender fails to: (i) pay premiums for hazard insurance, flood insurance or FHA insurance or (ii) pay taxes or other governmental assessments or charge as required;
 - (g) In the event that any warranty or representation made by Lender pursuant to the Participation Documents, including those set forth herein, are, in the opinion of UHC, untrue or incorrect when made or upon delivery of a Mortgage Loan to UHC;
 - (h) In the event that the Borrower or any other party in the Mortgage transaction has made any false representation in connection with Mortgage Loan, whether or not Lender was a party to or had knowledge of such false representation;
 - (i) If it is discovered that the mortgage loan is not, in the reasonable opinion of UHC, Fannie Mae, Freddie Mac, FHA, or VA a compliant Mortgage Loan;
 - (j) Any government sponsored enterprise or other third party that purchases the Mortgage Loan from UHC and subsequently requires UHC to repurchase such Mortgage Loan due to circumstances resulting from a breach by Lender of any of Lender's representations and warranties contained in the Participation Documents;
4. If a Mortgage Loan has not been repurchased within 30 days of UHC's written notice to Lender to repurchase the Mortgage Loan, UHC may, at its sole discretion, net the repurchase amount from a future purchase of one or more other Mortgage Loans.
5. If a Mortgage Loan is refinanced within the first six months of UHC purchasing the Mortgage Loan by the same Lender from whom UHC purchased the Mortgage Loan, UHC may require Lender to reimburse the Servicing Release Premium (SRP) paid to the Lender at the time the Mortgage Loan was purchased. Lender will be notified of the early payoff and the SRP will either be invoiced or netted from a future purchase.¹

6.2 UHC Remedy Fee

In addition to all other UHC rights and remedies hereunder, Lender acknowledges and agrees to pay the applicable fees set forth in the UHC Fee Schedule (Section 19) in the [UHC Selling Supplement](#).

6.3 Early Delinquency

If, after the date of purchase, any of the first six Mortgage Loan payments are missed and the delinquency caused by the missing payment(s) continues for three (3) consecutive months or more,

¹ Rev. 7/30/2018

Lender shall, at UHC's sole discretion, provide (a) an indemnification for any losses UHC may suffer associated with the Servicing of the specified Mortgage Loan and/or (b) pay to UHC \$2,500 in full satisfaction of such obligation and (c) reimburse UHC the Servicing Release Premium paid to Lender at time the loan was purchased by UHC.

6.4 Purchase Price for Re-Purchased Mortgage Loan

Lender shall repurchase a Mortgage Loan from UHC for the sum of:

1. The unpaid principal balance.
2. Any amounts held in the Borrower escrow account, PLUS (+)
3. Any amounts already obligated to be paid out of escrow, PLUS (+)
4. Any interest accrued to the date payoff funds are received by UHC, PLUS (+)
5. Any servicing release premium paid by UHC to Lender, PLUS (+)
6. Any escrow overdrafts, expense advances or corporate advances relating specifically to the Mortgage Loan, PLUS (+)
7. In the case of a FirstHome, HomeAgain or Score loan a fee of 6% of the Mortgage Loan where a Subordinate Loan was funded by UHC.

6.5 Bankruptcy, Insolvency or Debarment of Lender

1. Lender shall immediately notify UHC by phone and in writing within two business days of any of the following occurrences:
 - (a) Lender shall initiate or suffer any proceedings of insolvency or reorganization under the Bankruptcy Act, or any other Federal or State receivership law or make any common law assignment for the benefit of creditors or written admission by Lender of its inability to pay debts generally as they occur;
 - (b) The issuance of a decree or order of a court, agency or supervisory authority having jurisdiction in the premises appointing a conservator, receiver or liquidator in any insolvency, readjustment of debt, marshaling of assets and liabilities or similar proceeding affecting Lender respectively; or substantially all of its properties, or for the termination or liquidation of its affairs, if such decree or order shall have remained in force undischarged or unstayed for a period of two months;

- (c) The consent by Lender respectively, to the appointment of a conservator, receiver or liquidator in any insolvency, readjustment of debt, marshaling of assets and liabilities or similar proceeding affecting Lender or substantially all of its properties;
 - (d) Lender shall be put on probation, be debarred or have its activities restricted in any manner whatsoever by any agency of the Federal or State government; or
2. Any occurrence described above shall be deemed to be a Default and shall be grounds for Suspension, Termination or any other remedies as provided for in this Section 6.

6.6 Termination, Suspension or Default Actions

1. Should Lender fail to perform its obligations, duties and responsibilities in accordance with the Participation Documents, UHC shall find that any representation or warranty contained in the Participation Documents is untrue, or Lender is otherwise regularly or grossly negligent in its duties, as determined by UHC, Lender will be in Default and UHC may:
- (a) Send Lender written notice of Termination, as a result of which, effective immediately, Lender cannot participate in the Program for the period of at least three years; provided, however:
 - (i) Any Lender terminated for the first time because of failure to sell the required number of Mortgage Loans to UHC shall not be eligible to participate in the Program for the period of at least six months from the date of the termination notice. Following the six-month period, Lender may re-apply to participate by submitting a \$300 application fee and other materials customarily required of a new-applicant organization.
 - (ii) Any Lender terminated for the second time because of failure to sell the required number of Mortgage Loans to UHC shall not be eligible to participate in the UHC Program for the period of at least one year from the date of the termination notice. Following the one-year period, Lender may re-apply to participate by submitting a \$500 application fee and other materials customarily required of a new-applicant organization.
 - (b) Send a written notice of Suspension to Lender whereby, effective immediately, no further Mortgage Purchase Agreements will be executed by UHC and no further Mortgage Loans will be purchased by UHC until such time as Default is cured; and/or
 - (c) Send a written notice of Default to Lender giving Lender one month from the date of said notice to cure Default to avoid consequences specified in this section; and/or
 - (d) Remove Lender name from all Participating Lender lists, whether printed or on a website.

6.7 Other Remedies

1. UHC shall have all remedies available at law or in equity to enforce the requirements, warranties and covenants of Lender hereunder and under the Participation Documents including, but not limited to, the actions, including the assessment of financial penalties, described in the Participation Documents, rescission of the Participation Documents, termination of the designation as Lender, equitable relief by way of injunction (mandatory or prohibitory) to prevent the breach or threatened breach of any provision hereof or to enforce performance hereof.
2. No delay in exercising or omission to exercise any remedy, right or power accruing upon any event of Default or breach by Lender, shall impair that remedy, right or power or shall be deemed to be a waiver of any event of Default or breach or acquiescence therein. Every remedy, right and power available to UHC may be exercised from time to time and as often as may be deemed expedient by UHC.
3. No waiver of any event of Default or breach under any Participation Document shall extend to or affect any subsequent event of Default or breach or shall impair any right, remedy, or power consequent thereon.
4. No remedy conferred upon or reserved to UHC herein is intended to be exclusive of any other remedy. Each remedy shall be cumulative and shall be in addition to any other remedy given hereunder or otherwise to UHC now or hereafter existing. The exercise of a remedy by UHC or any one or more of them shall not in any way alter or diminish the rights of UHC to any other remedy provided herein or by law.
5. In the event of any Default and/or breach by Lender, UHC shall be entitled to reimbursement from Lender of all of UHC's costs in enforcing any of the terms of the Participation Documents including attorney fees.
6. UHC may choose any one or more of the remedies above that it determines will most suitably resolve a Default or breach of the Participation Documents.
7. It is expressly stipulated and agreed that the Third Judicial District Court in and for Salt Lake County, State of Utah, shall have exclusive jurisdiction and venue of all proceedings based on or arising out of the enforcement of the terms of the Participation Documents as amended, or the collection of damages resulting from a Default or breach of the Participation Documents, as amended.

6.8 Request for Reimbursements, Refunds or Repayments

1. After UHC has purchased a Mortgage Loan, in the event that Lender desires that UHC reimburse, refund, repay or otherwise pay Lender any sum as a result of any aspect of the purchase of such Mortgage Loan, whether or not the amount that is claimed was an inappropriate benefit to the Borrower, and whether or not the amount that is claimed was an inappropriate benefit to UHC, or whether or not the amount claimed was of no benefit to Lender, UHC or the Borrower, Lender shall make a written claim (a "Claim") for such amount, together with a detailed explanation for the Claim and all back-up information available to Lender, addressed to the Senior Vice President/COO of the UHC (a "Request for Reimbursement") no later than 120 days after the date of the purchase of the Mortgage Loan by UHC (the "Reimbursement Claim Period").
2. If UHC determines that (a) the Request for Reimbursement is made within the Reimbursement Claim Period, (b) the Claim specified in the Request for Reimbursement is valid, and (c) payment of all or a portion of the amount of the Claim would not adversely affect the operations of UHC or the relationship of UHC to the Borrower, then UHC shall pay Lender all of the Claim or such lesser portion thereof that UHC deems appropriate under the circumstances. Lender acknowledges and agrees that UHC's inability to be made whole by the Borrower or a third party if it pays a Claim or that UHC has completed an escrow review with the Borrower prior to the date of the Claim is reasonable grounds for determining that the operations of UHC or the relationship of UHC to the Borrower will be adversely affected.
3. Lender may not make a Request for Reimbursement with respect to a Mortgage Loan after the applicable Reimbursement Claim Period. Any Request for Reimbursement made after the applicable Reimbursement Claim Period shall be rejected by UHC.

Section 7 Other Agreements

7.1 No Waiver

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

7.2 Jurisdiction

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

7.3 Invalidation

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

7.4 Successors

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

7.5 Termination by Lender

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

Participation Agreement

Exhibit A to Participation Agreement



Section 8 Exhibit A to Participation Agreement

Effective 5/25/2018

UHC Loan Program	Utah Counties	Family Size 1-2 Income Limits	Family Size 3+ Income Limits	Purchase Price Limits
		Household Income		
FirstHome	Beaver, Cache, Carbon, Daggett, Emery, Grand, Millard, Rich, Sevier, Uintah	\$75,500	\$86,800	\$271,150
FirstHome	Washington	\$75,500	\$86,800	\$297,500
FirstHome	Salt Lake, Tooele	\$75,500	\$86,800	\$328,200
FirstHome	Box Elder, Davis, Morgan, Weber	\$83,500	\$96,000	\$358,900
FirstHome	Duchesne, Garfield, Iron, Kane, Piute, San Juan, Sanpete, Wayne	\$90,600	\$105,700	\$331,400
FirstHome	Juab, Summit, Utah, Wasatch	\$90,600	\$105,700	\$384,300
UHC Loan Program	Utah Counties	Qualifying Income		Purchase Price Limits
HomeAgain & NoMI	Davis, Morgan, Weber	\$107,200		Follow FHA, and Conventional Loan Limit Requirements
	Salt Lake, Utah	\$105,500		
	Summit	\$144,700		
	All Other Counties	\$100,350		
Score	All Counties	\$82,500		\$294,500

Loan Information	FirstHome Loan	HomeAgain Loan	Score Loan	NoMI
Allowable Fees				

Participation Agreement

Exhibit A to Participation Agreement



Maximum Lender Loan Origination Fee	1%	FHA Guidelines	FHA Guidelines	Fannie Mae/ Freddie Mac Guidelines
Servicing Release Fee Paid to Lender on First Mortgage Loans				
Refer to Section 4.3				
No Servicing Release Fee Paid to Lender for Second Mortgage Loans				