



Utah Housing Corporation Participation Agreement

Mortgage Banking Department

1/1/2017

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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	5
2.5	Notices	6
2.6	Interpretation.....	6
2.7	Definitions.....	6
Section 3	Representations, Warranties and Covenants	7
3.1	Mortgage Lender Application	7
3.2	Lender Qualifications	7
3.3	Lender’s General Warranties and Covenants	8
3.4	Lender’s Representations and Warranties for Mortgage Loans.....	10
3.5	UHC’s Right to Reject Mortgage Loans	14
3.6	Continuing Nature of Representations and Warranties	14
3.7	Contractual Basis of Relationship between UHC and Lender	15
3.8	Representation and Warranty of UHC	15
Section 4	Purchase of Mortgage Loans	16
4.1	Mortgage Purchase Agreement	16
4.2	Non-Conformity with Agreement	16
4.3	Servicing Released.....	16
4.4	No Solicitation	16
4.5	Other Rights	16
Section 5	Continuing Obligations.....	18
5.1	Annual Financial Statements	18
5.2	Lender Audits by UHC	18



5.3 Compliance with Applicable Law 19

Section 6 Remedies..... 20

6.1 Duty to Repurchase Mortgage Loans..... 20

6.2 UHC Remedy Fee..... 21

6.3 Early Delinquency..... 21

6.4 Purchase Price for Re-Purchased Mortgage Loan..... 22

6.5 Bankruptcy, Insolvency or Debarment of Lender 22

6.6 Termination, Suspension or Default Actions 23

6.7 Other Remedies 24

6.8 Request for Reimbursements, Refunds or Repayments..... 25

Section 7 Other Agreements 26

7.1 No Waiver 26

7.2 Jurisdiction 26

7.3 Invalidation 26

7.4 Successors 26

7.5 Termination by Lender 26

Section 8 Exhibit A to Participation Agreement..... 27



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

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

WHEREAS, Lender will sell the Mortgage Loans servicing released to UHC; and

WHEREAS, Lender represents that the Fannie Mae Seller ID or the Fannie Mae Seller/Service ID and the FHA Mortgagee ID listed below are true and correct and that Lender is in good standing with each entity and that approval with each entity is and will be kept current; and

WHEREAS, Lender acknowledges that UHC will communicate any and all changes to the Participation Documents to the Lender’s Designated Contact Email listed below; and

WHEREAS, Lender agrees any changes to Designated Lender Contact Email must be submitted in writing to UHC’s VP of Mortgage Banking; and

WHEREAS, Lender acknowledges that it is and will be bound by any changes in the Participation Documents distributed to the Designated Contact Email address or posted on UHC’s website, as may be updated from time to time.

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

Participation Agreement

Recitals and Signatures



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

FHA Mortgagee ID _____

Utah Housing Corporation

Lender: _____

By: _____

By: _____

(Signature)

(Print Name)

Its: _____

Its: _____

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

Address: _____

*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

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

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

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 Lenders by e-mail. Exhibit A to Participation Agreement is an announcement of Income Limits, Acquisition Cost Limits, loan purchase prices, and certain fees that must be used for Mortgage Loans originated for sale to UHC. The latest interest rate information will be shown on the UHC website.

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

Participation Agreement

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



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, or to such other e-mail address, street address or fax number as is provided in a written notice in accordance with the applicable Participation Document. Lender may not send Nonpublic Personal Information to UHC via e-mail unless it is encrypted using a system acceptable to UHC.

If to UHC:

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

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 an Officer of UHC.

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

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

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;
2. Be authorized to transact mortgage lending business in the State;
3. Maintain one or more mortgage loan origination offices in Utah, open to the public, fully staffed with experienced personnel who make purchase money mortgage loans for owner-occupied single-family residences located in Utah;
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 –approved seller and employ at least one Fannie Mae 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 of conventional mortgage loans to Fannie Mae.
7. Not be shown as 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 the State;
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 the Lender's approved Fannie Mae and/or FHA quality control plan for not less than 10% of the Mortgage Loans delivered for sale to UHC each calendar year; provided, however, newly-qualified Lenders shall perform a post-Closing review of the first five Mortgage Loans delivered for sale to UHC. (See also Part II of the Selling Supplement regarding the additional review required for third party originations.)

3.3 Lender's General Warranties and Covenants

1. Lender covenants that it is a Lender as defined in the Participation Documents.
2. The Lender covenants that it and its officers and employees acting on its behalf have full legal authority to engage in the transactions covered by the Participation Documents, and that such participation does not violate the charter or by-laws of the Lender or any agreement, rules, or regulations to which it is subject; that agreements, assignments and other documents executed on behalf of Lender are binding obligations of Lender; and the Lender shall not be a party to or be bound by any agreement, instrument or other restriction, law or regulation which now or in the near future may adversely affect the ability of the Lender to perform its obligations under the Participation Documents.
3. The Lender covenants that at all times during the term of the Participation Documents it shall be authorized by Federal and State law and regulations thereunder to make and sell the Mortgage Loans it has agreed to sell to UHC.

Participation Agreement

Representations, Warranties and Covenants



4. The Lender is responsible for maintaining the confidentiality of the non-public personal information (NPI) of Applicants and Borrowers accessed by the Lender or its employees through the UHC website. Authorized use of the Lender's passwords and log-in information are the responsibility of Lender. Lender covenants that it will only provide access to authorized employees trained to protect NPI and will insure that its employees will only use NPI accessed through the UHC website for authorized purposes. The Lender agrees to cooperate with UHC to terminate access to UHC's website of Lender's former employees or those employees whose access privileges are revoked. 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.
5. Lender covenants to indemnify, defend, and hold harmless UHC for any liability or expense arising from use, misuse, failure of Lender to terminate access privileges or unauthorized access by Lender's employees.
6. Lender covenants to immediately notify UHC of any unauthorized use of UHC website or any other breach of security relating to UHC website known to Lender.
7. The Lender covenants to give all forms, notices or documents required to be given by any statute, rule or regulation, administrative publication, contract, or rider thereto with respect to Mortgage Loans delivered to UHC including, but not limited to, any requirements relating to Limited English Proficiency (LEP). Lender shall provide such reports and information as UHC shall reasonably request to confirm compliance with this covenant.
8. The Lender covenants and warrants with respect to each copy of a document delivered to or submitted for inspection by UHC that the same is a true, correct, and complete copy of the original thereof.
9. The Lender covenants that it will obtain as much information as is reasonably possible and notify UHC if it should become aware of:
 - Any additional cash transactions taking place to circumvent UHC's Acquisition Cost Limits,
 - Any inaccuracy in gift letters or sources of Borrower's down payment, closing costs or other cash contributions to a Mortgage Loan transaction,
 - Misrepresentations of Borrower's income,
 - Borrower's failure to occupy the Mortgaged Premises as Borrower's Principal Residence,
 - Borrower using more than 15% of the area of the Mortgaged Premises primarily in a trade or business, or

- Borrower using the Mortgaged Premises as investment property or as a recreational home, or
 - Borrower renting any part of the Mortgaged Premises.
10. Lender shall indemnify UHC and hold it harmless from any loss, damage or expense that UHC may sustain as a result of any failure on the part of Lender to properly perform its services, duties and obligations under the terms of the Participation Documents.

3.4 Lender's Representations and Warranties for Mortgage Loans

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

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 the State, constituting a single-family Residence identified and described in the Mortgage securing the Mortgage Loan, and will constitute a valid and enforceable first lien on said land and improvements in favor of UHC, and said first lien will be free and clear of all other liens and encumbrances and will be subject only to real property taxes and assessments not yet due, and permitted liens and encumbrances as set forth in the Participation Documents.
3. The Residence with respect to which the Mortgage Loan is made is covered by a valid and subsisting Standard Hazard Insurance Policy or such other coverage as may be required in the Participation Documents with an endorsement by the insurer in favor of the Lender and its successors and assigns, issued by a company lawfully doing business in the State, providing as a minimum, insurance on a replacement cost basis in an amount not less than that necessary to comply with any co-insurance percentage stipulated in the policy and not less than eighty percent (80%) (100% for Condominium Units or attached PUD Units) of the insurable value, based upon replacement cost or the outstanding principal balance of the Mortgage Loan, whichever is greater, which insurance and the carrier of the insurance comply with all requirements of the Participation Documents.

Participation Agreement

Representations, Warranties and Covenants



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.
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.
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 the 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 (FirstHome Loan) or Qualification (HomeAgain, Score, or NoMI Loan) Income 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.

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:
 - Borrower is a Veteran,
 - 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. For a NoMI loan, at the time of Closing, the Borrower did not own any other residential property or have any outstanding mortgages.
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, 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 203(k) or Streamlined(k) program. All such improvements are, or shall be in the case of Mortgage Loans insured under Section 203(k), completed as represented in the appraisal report, in compliance with all building and zoning codes, restrictions, regulations and other codes and regulations of the city, town or county in which the Mortgaged Premises is located, and are located entirely upon the real property constituting the Mortgaged Premises.
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 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 said 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 is a Condominium Unit or PUD Unit, such unit is located within a Condominium or PUD Project which meets the requirements of the Participation Documents.
25. The terms, covenants and conditions of each Mortgage have not been changed in any respect which would materially affect their value, validity or enforceability, the prompt payment of the Mortgage Loan, or the security of the lien of the Mortgage.
26. The Mortgage is not subject to any existing assignment or pledge, and the Lender has good title thereto and full right and authority to assign and transfer the same and to endorse and deliver the Note secured by such Mortgage and all documents described in the Participation Documents free and clear of encumbrances except permitted liens and encumbrances as described in the Participation Documents.
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 and the Mortgage complies with all applicable local, State and Federal laws, rules and regulations which govern the affairs of the Lender and the Borrower.
28. The Lender has not advanced funds, or directly or indirectly induced or solicited any advance of funds by another for the payment of principal, interest, or Escrow Payments required by the Mortgage.

29. 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.
30. Each Mortgage, financing statement, and any other document required to be filed in a public office to perfect the lien of the Mortgage for the benefit of UHC against third parties has been duly and timely filed, registered, or recorded by the Lender in the proper public office in order to give constructive notice thereof to all subsequent purchasers or encumbrances.
31. The lien of, or estate created by, the Mortgage has not been satisfied, subordinated or impaired, in whole or in part, except for the payment of principal and interest as disclosed to UHC by the Lender prior to UHC's purchase of the Mortgage, no part of the mortgaged property has been released therefrom, nor has any interest or participation in the Mortgage been assigned, and the Lender has not executed any instrument of release, cancellation, subordination, or satisfaction with respect to the mortgage.
32. 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.
33. Lender has complied with all applicable local, State and Federal law with respect to the Mortgage Loan.

3.5 UHC's Right to Reject Mortgage Loans

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

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 UHC First Mortgage Promissory Note.

3.6 Continuing Nature of Representations and Warranties

All of the Lender's representations, warranties, covenants and agreements contained in the Participation Documents shall remain operative and in full force and effect, regardless of: (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.

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

3.7 Contractual Basis of Relationship between UHC and Lender

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

3.8 Representation and Warranty of UHC

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.

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

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 the Lender. The sale of each Mortgage Loan to UHC shall be evidenced and governed by a Mortgage Purchase Agreement as provided in the Selling Supplement and by all other Participation Documents.

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:

- UHC shall pay to Lender a servicing release fee (SRP) or premium at the time said Mortgage Loan is purchased by UHC. Lenders authorized officer may request a copy of the current SRP and premiums from UHC Vice President of Mortgage Banking. The SRP will be paid based on the total loan production calculated from January through December. The Lender will be paid the higher SRP on the next loan purchased after the production threshold has been met.
- UHC will not pay a SRP for the Subordinate Loan.
- 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

Participation Agreement

Purchase of Mortgage Loans



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

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

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.

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

5.2 Lender Audits by UHC

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

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

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.

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

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Section 6 Remedies

6.1 Duty to Repurchase Mortgage Loans

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 Part V. Lender shall have thirty (30) days after the date of such notification within which to:

1. Repurchase such Mortgage Loan; or
2. Submit further information to UHC and to request that UHC reconsider the basis upon which the repurchase request was made.

In the event UHC rejects a reconsideration request of Lender, and reconfirms its repurchase request, Lender shall:

1. Repurchase such Mortgage Loan within thirty (30) days after the date UHC delivers its reconfirmation of the repurchase request, or
2. Cure the deficiencies identified by UHC to the satisfaction of UHC within thirty (30) days after its receipt of UHC's rejection of the reconsideration request.

The 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:

1. If any of the original documents with respect to a Mortgage Loan differ in any material respect from the copies delivered to UHC;
2. If any of the underwriting analysis performed by the Lender is based on data which differs in any material respect from the data provided by the Applicant or any third party whose verification of such data was obtained;
3. The Lender fails to deliver any documents or information as UHC reasonably requests to be delivered following the purchase of an Incomplete Mortgage by UHC within the time specified in the Participation Documents;
4. 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;

5. In the event that FHA or VA: (a) cancels coverage, (b) cancels the mortgage guarantee or (c) 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;
6. Lender fails to: (a) pay premiums for hazard insurance, flood insurance or FHA insurance or (b) pay taxes or other governmental assessments or charge as required;
7. In the event that any warranty or representation made by the Lender pursuant to the Participation Documents, including those set forth herein, are, in the opinion of UHC, untrue or incorrect when made or upon delivery of a Mortgage Loan to UHC;
8. In the event that the Borrower or any other party in the Mortgage transaction has made any false representation in connection with Mortgage Loan, whether or not Lender was a party to or had knowledge of such false representation;
9. If it is discovered that the mortgage loan is not, in the reasonable opinion of UHC, Fannie Mae, FHA, or VA a compliant Mortgage Loan;
10. Any government sponsored enterprise or other third party that purchases a 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;
11. If the Mortgage Loan has not been repurchased within one month of UHC's written request to Lender to repurchase the Mortgage Loan, UHC may, at its sole discretion, net the repurchase amount from a future purchase.
12. If a Mortgage Loan is paid off within the first six months of UHC purchasing the Mortgage Loan, Lender must reimburse UHC the Servicing Release Premium (SRP) paid to Lender at the time the Mortgage Loan was purchased.
13. Lender will be notified of the early payoff and the SRP will either be invoiced or netted from a future purchase.

6.2 UHC Remedy Fee

Refer to 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, 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, PLUS (+)

6.5 Bankruptcy, Insolvency or Debarment of Lender

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

1. Lender shall initiate or suffer any proceedings of insolvency or reorganization under the Bankruptcy Act, or any other Federal or State receivership law or make any common law assignment for the benefit of creditors or written admission by Lender of its inability to pay debts generally as they occur;
2. The issuance of a decree or order of a court, agency or supervisory authority having jurisdiction in the premises appointing a conservator, receiver or liquidator in any insolvency, readjustment of debt, marshaling of assets and liabilities or similar proceeding affecting Lender respectively; or substantially all of its properties, or for the termination or

- liquidation of its affairs, if such decree or order shall have remained in force undischarged or unstayed for a period of two months;
3. The consent by Lender respectively, to the appointment of a conservator, receiver or liquidator in any insolvency, readjustment of debt, marshaling of assets and liabilities or similar proceeding affecting Lender or substantially all of its properties;
 4. Lender shall be put on probation, be debarred or have its activities restricted in any manner whatsoever by any agency of the Federal or State government;
 5. Any occurrence described in this Section shall be deemed to be a Default and shall be grounds for Suspension, Termination or any other remedies as provided for in Part V herein.

6.6 Termination, Suspension or Default Actions

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

1. Send Lender written notice of Termination whereby, effective immediately, Lender cannot participate in the UHC Program for the period of at least three years; and/or (See paragraphs below for exceptions to time period.)
 - Any Lender terminated for the first time because of failure to sell the required number of Mortgage Loans to UHC shall not be eligible to participate in the UHC Program for the period of at least six months from the date of the termination notice. Following the six-month period, Lender may re-apply to participate by submitting a \$300 application fee and other materials customarily required of a new-applicant organization.
 - 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.
2. Send a written notice of Suspension to Lender whereby, effective immediately, no further Mortgage Purchase Agreements will be executed by UHC and no further Mortgage Loans will be purchased by UHC until such time as Default is cured; and/or

3. Send a written notice of Default to Lender giving Lender one month from the date of said notice to cure Default to avoid consequences specified in this section; and/or
4. Remove Lender name from all Participating Lender lists, whether printed or on a website.

6.7 Other Remedies

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.

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

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.

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.

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

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

6.8 Request for Reimbursements, Refunds or Repayments

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 the 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").

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.

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.

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

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

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 11/14/2016

Loan Program	Counties	Family Size 1-2 Income Limits	Family Size 3+ Income Limits	Purchase Price Limits
Household Income				
FirstHome	All Counties	\$49,900	\$59,000	\$283,900
Qualifying Income				
HomeAgain & NoMI	All Counties	\$96,600		NA
Score	All Counties	\$78,500		NA

Participation Agreement

Exhibit A to Participation Agreement



Loan Information	FirstHome Loan	HomeAgain Loan	Score Loan	NoMI
Allowable Fees				
Maximum Lender Loan Origination Fee	1%	FHA Guidelines	FHA Guidelines	Fannie Mae 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				