

## FIRST AMENDMENT TO MORTGAGE ORIGINATION AGREEMENT

THIS FIRST AMENDMENT TO MORTGAGE ORIGINATION AGREEMENT dated as of February 6, 2012 (the "First Amendment") is among the WASHINGTON STATE HOUSING FINANCE COMMISSION, a public body corporate and politic and an instrumentality of the State of Washington (the "Commission"), ALABAMA HOUSING FINANCE AUTHORITY, a public corporation and instrumentality of the State of Alabama d/b/a/ ServiSolutions, (the "Servicer") and the financial institution identified on the execution page hereof (the "Mortgage Lender") and amends the Mortgage Loan Origination Agreement dated as of December 15, 2011 among these parties (the "Original Agreement").

For and in consideration of the mutual agreements hereinafter contained, the parties hereto agree as follows:

Section 1. Amendment. Section 4.12 of the Original Agreement is hereby amended as follows (additions are double underlined, deletions are stricken):

### **SECTION 4.12 Defective Documents and Non-Qualifying Mortgage Loans; Repurchase of Loans by Mortgage Lender.**

(a) If any document required to be submitted by the Mortgage Lender in accordance with the Program Manual is defective in any material respect, or if it is determined that a Mortgage Loan is a Non-Qualifying Mortgage Loan, the Commission, the Trustee or the Servicer, whichever shall have knowledge thereof, shall promptly notify the Mortgage Lender specifying the defect or defects in questions and the Mortgage Lender shall cure the defect within a period of 30 days from the earlier of the time the Mortgage Lender discovers such defect or the Mortgage Lender receives notice of such defect from the Commission, the Servicer or the Trustee (the "Cure Period"). "Defect" or "Defective," whether or not capitalized, for purposes of this Section 4.12 shall mean a failure to cause the Mortgage Loan to comply with the terms of this Agreement.

(b) The Mortgage Lender hereby covenants and agrees that, if any material defect cannot be cured or the Mortgage Loan cannot meet the requirements of a Mortgage Loan within the Cure Period, the Mortgage Lender will, not later than 30 days after expiration of the Cure Period, repurchase with immediately available moneys the related Mortgage Loan from the Servicer at a price equal to (i) 100% of the principal remaining unpaid on such Mortgage Loan, plus (ii) interest thereon to the date of the repurchase, plus (iii) the pro rata commitment fee paid to Ginnie Mae, Fannie Mae or Freddie Mac with respect to such loan, plus (iv) 1.50% of the principal remaining unpaid on such Mortgage Loan if it is a Government Mortgage Loan and 1.25% if it is a Conventional Loan, plus (v) if such repurchase is made necessary by the willful misfeasance or bad faith on the part of the Mortgage Lender or by reason of Mortgage Lender's reckless disregard of its obligations hereunder, an amount equal to 3% of the unpaid principal amount of such Mortgage Loan. The Acquisition Cost for the repurchased Mortgage Loan, plus any additional amount due under (iv) above, shall be delivered by the Mortgage Lender to the Servicer, whereupon the Servicer shall notify the Custodian under the Custodial Agreement to release the related Mortgage Note and Mortgage to the Mortgage Lender and reassign the Mortgage to the Mortgage Lender. The Servicer will also forward to the Mortgage Lender,

within thirty (30) days after receipt of the amounts required for repurchase of a Mortgage Loan, the amount of any tax and insurance escrow held by the Servicer for such Mortgage Loan.

(c) With respect to defective Mortgage Loans or Non-Qualifying Mortgage Loans, the Mortgage Lender hereby covenants and agrees that if any Mortgage Loan is determined by Servicer to be a defective Mortgage Loan or a Non-Qualifying Mortgage Loan and the defect causing the same cannot be cured, the Mortgage Lender will repurchase or, at the option of the Servicer, will cooperate fully with the Servicer in a foreclosure action with respect to such Mortgage Loan or Non-Qualifying Mortgage Loan (if possible). If it is not possible for Servicer to foreclose such Mortgage Loan or Non-Qualifying Mortgage Loan, then the Mortgage Lender shall be required to repurchase such Mortgage Loan or Non-Qualifying Mortgage Loan on the terms and conditions set forth in the preceding paragraph. At the option of the Servicer and the Mortgage Lender, the Servicer may foreclose and the Mortgage Lender will be obligated to pay the Servicer any deficiency remaining following disclosure.

(d) As used herein, the term “Non-Qualifying Mortgage Loan” shall mean and include any Mortgage Loan purchased hereunder with respect to which:

(1) Mortgagors fail to occupy the related Single-Family Residence as a principal residence within 60 days after execution of the related Mortgage;

(2) The related residence is not a Single-Family Residence as defined herein or more than 15 percent of the total area of the residence will be used in a trade or business (including child care services) on a regular basis for compensation, as investment, rental property or as a recreational home;

(3) The Acquisition Cost of the related residence exceeded the Maximum Acquisition Cost;

(4) Mortgagors are not First Time Homebuyers (unless the residence is located in a Targeted Area);

(5) The current Annual Family Income with respect to the Mortgagor(s) exceeds the Maximum Annual Family Income;

(6) The Mortgage Loan fails to comply with all the provisions of Section 4.02, Section 4.03 or Section 4.04 hereof or to the Addendum to Residential Loan Application and Acquisition Cost Certification;

(7) Any statements contained in any of the affidavits or certifications of Mortgagor, builder/seller, or Mortgage Lender are determined to be incorrect, untrue, misleading or fraudulent;

(8) The Mortgage Loan is a refinancing of an existing loan other than a construction period loan, bridge loan or similar temporary financing of not more than 24 months;

(9) There is a default in the first payment due on the Mortgage Loan, or the Mortgage Loan otherwise fails to comply with the terms hereof;

(10) The Mortgage assumability rider attached to an FHA or VA Mortgage is not approved by FHA or VA, as the case may be;

(11) The Mortgage Loan is prepaid within 90 days after it is purchased from the Mortgage Lender; or

(12) ~~The Mortgage Loan becomes delinquent within the first nine (9) months after it is purchased from the Mortgage Lender.~~ An Early Payment Default as defined in the Program Guidelines attached hereto as First Amendment – Exhibit A has occurred.

(e) With respect to Non-Qualifying Mortgage Loans, each Mortgage Lender hereby covenants and agrees that if any Mortgage Loan is determined by the Servicer to be a Non-Qualifying Mortgage Loan and the defect causing the same cannot be cured, such Mortgage Lender will repurchase or, at the option of the Servicer, will cooperate fully with the Servicer in a foreclosure action with respect to such Non-Qualifying Mortgage Loan (if possible). Each Mortgage Lender further covenants and agrees that if any fee is assessed by Ginnie Mae, Fannie Mae or Freddie Mac, as the case may be, with regard to a Non-Qualifying Mortgage Loan, such Mortgage Lender will pay the amount of the fee to the Servicer. If the Servicer exercises the foreclosure option and if it is not possible for the Servicer to foreclose such Non-Qualifying Mortgage Loan, then such Mortgage Lender shall be required to repurchase such Mortgage Loan efficiently on the terms and conditions set forth in this Section. Without limiting the foregoing and in addition thereto, with respect to Non-Qualifying Mortgage Loans described in items (d)(11) and (d)(12) above, each Mortgage Lender hereby further covenants and agrees to refund to Servicer any Servicing Release Premium paid by Servicer with respect to a purchase of Servicing Rights, and with respect to Non-Qualifying Mortgage Loans described in item (d)(12) above, each Mortgage Lender hereby further covenants and agrees to indemnify and hold Servicer harmless from any and all losses or expenses incurred as the result of a foreclosure on such Mortgage Loan.

(f) Each Mortgage Lender hereby covenants and agrees that if Mortgage Lender has failed to repurchase a defective or Non-Qualifying Mortgage Loan within the time required by this Agreement after receipt of requisite notice hereunder, the Servicer may reduce the amount of any payment due to Mortgage Lender for the purchase of Mortgage Loans by an amount equal to the unpaid repurchase price for the defective or Non-Qualifying Mortgage described in this Section 4.12(f), together with the amount of any fees described in Section 4.12(e). After exercising the right to net fund described in this paragraph, the Servicer shall deliver the Mortgage File with respect to each defective or Non-Qualifying Mortgage Loan within the time otherwise required under this Agreement for repurchased Mortgage Loans.

(g) Each Mortgage Lender hereby waives any statute of limitations or other law that might otherwise be raised as a defense to any obligation to repurchase a Non-Qualifying Mortgage Loan under this Agreement or to the Servicer's exercise of the right to net fund described in Section 4.12(f).

Section 2. Execution in Counterparts.

This First Amendment may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and same instrument.

[Remainder of this page intentionally blank.]

IN WITNESS WHEREOF, we have set our hands as of the date first written above.

**WASHINGTON STATE HOUSING FINANCE  
COMMISSION**

By: \_\_\_\_\_  
Kim Herman, Executive Director

**ALABAMA HOUSING FINANCE AUTHORITY  
d/b/a SERVISOLUTIONS**

By: \_\_\_\_\_  
Robert Strickland, Executive Director

\_\_\_\_\_, as Mortgage Lender

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

*[Signature Page for First Amendment to Mortgage Origination Agreement]*

## FIRST AMENDMENT – EXHIBIT A

### **Early Payment Default Guidelines For All Loans Sold to ServiSolutions**

The provision of Section 4.12(d)(12) of the First Amended Mortgage Origination Agreement dated as of February 6, 2012 with regard to Early Payment Default shall be implemented as follows:

Early Payment Default (“EPD”) is defined as any loan for which any of the first five payments or first seven payments, depending on the loan product utilized as specified below, due to ServiSolutions after the purchase date of the loan becomes ninety (90) days or more delinquent. For the purposes of determining whether an EPD has occurred, a payment is excluded from being considered as a payment due ServiSolutions if the loan balance purchased by ServiSolutions has been amortized for the applicable scheduled payment, or if the scheduled due date for the payment is on or before the purchase date of the loan.

A payment is considered 90 days or more delinquent if it has not been received by ServiSolutions, whether from the borrower directly or forwarded by the participating lender if the borrower has submitted the payment to the participating lender, within three (3) months after the payment due date, regardless of the number of days in the month.

Upon the occurrence of an EPD with respect to any loan, the participating lender is obligated to repurchase the loan in accordance with the Mortgage Origination Agreement and the Program Manual.

Example 1: The first payment due ServiSolutions was November 1<sup>st</sup>. The November 1<sup>st</sup>, December 1<sup>st</sup>, January 1<sup>st</sup> and February 1<sup>st</sup> payments were made on time. If the March 1<sup>st</sup> payment is not received by ServiSolutions by May 31<sup>st</sup>, then that payment is considered three (3) months delinquent and the loan is an EPD loan.

Example 2: The first payment due ServiSolutions was November 1<sup>st</sup>. The November 1<sup>st</sup> and December 1<sup>st</sup> payments were made on time. If the January 1<sup>st</sup> payment is not received by ServiSolutions by the end of the business day on March 30<sup>th</sup>, the payment is considered three months delinquent and the loan is an EPD loan.

#### **The 5 payment provision will apply to the following products:**

- FHA 203(b) loans
- FHA 203(k) Streamline loans
- VA loans

- USDA Rural Development loans
- Conventional loans (HFA Preferred and standard Fannie Mae products)
- Conventional loans on Community Land Trust properties (Manually underwritten loans)
- 45.00% total debt to income ratio

**The 7 payment provision will apply to the following products:**

- HUD 184 loans (Tribal land loans)
- Loans associated with Section 8 payments
- Any loan made on a manufactured home
- Any loan made with non-traditional credit verifications
- 50.00% total debt to income ratio with compensating factors as listed in the Program Manual
- Any manually underwritten loan