

PROGRAM ADMINISTRATION AND SERVICING AGREEMENT

OREGON HOUSING AND COMMUNITY SERVICES DEPARTMENT

AND

[TBD]

Homeownership Master Servicer

Dated as of [Insert Date]

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Attachments:

- Exhibit 1 – Additional State of Oregon Provisions
- Exhibit 2 – Required Insurance
- Exhibit 3 – IT Special Terms and Conditions
- Exhibit 4 – RFP Scope of Services
- Exhibit 5 – Independent Contractor Certification
- Appendix A – Settlement and Delivery Instructions
- Appendix B – Relative to Par Servicing Grid
- Appendix C – Statewide Information Security Standards
- Appendix D – System Security Plan Template

**PROGRAM ADMINISTRATION
AND SERVICING AGREEMENT**

This **PROGRAM ADMINISTRATION AND SERVICING AGREEMENT # [XXXX]** (the “**Agreement**”) is entered into as of [Enter Date Here] (the “**Effective Date**”), between the **STATE OF OREGON**, acting by and through its **HOUSING AND COMMUNITY SERVICES DEPARTMENT** (together with its successors and assigns, the “**Department**”) and **[TBD]** [insert type of organization] (the “**Servicer**”).

RECITALS

1. Department desires to engage the Servicer to serve as a master servicer to enable Department to achieve specific business and Department mission objectives defined in this Agreement. To that end, Department issued RFP #914-4695-21.

2. Servicer is the successful respondent to the RFP and Department desires Servicer to perform the Services.

3. Servicer desires to perform the Services for Department.

WITNESSETH:

WHEREAS, pursuant to the laws of the state of Oregon, particularly ORS chapter 456, ORS chapter 458, and OAR chapter 813, as the same may be amended from time to time, the Department is authorized, in furtherance of the public purposes, to purchase mortgages and participations in mortgages from lending institutions to finance the construction of, and to facilitate the purchase and sale of, existing real estate for eligible persons and families; and

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

WHEREAS, the Department intends to establish a mortgage program to assist eligible borrowers in acquiring and owning decent, safe and sanitary housing; and

WHEREAS, to alleviate the shortage of decent, safe and sanitary housing, and the shortage of funds to provide such housing, for eligible borrowers within the state of Oregon, the Department has developed a loan program (the “**Program**”) with respect to (i) the acquisition of qualifying mortgages made to finance homes intended for owner occupancy by eligible borrowers, which mortgages are to be originated pursuant to mortgage origination agreements by and among certain lending institutions (the “**Mortgage Lenders**”), a servicer and the Department (collectively, the “**Origination Agreements**”) and are to be serviced by a servicer; and (ii) the sale of mortgage-backed securities of the Government National Mortgage Association (“**Ginnie Mae MBS**”), mortgage-backed securities of the Federal National Mortgage Association (“**Fannie Mae MBS**”) and mortgage-backed securities of the Federal Home Loan Mortgage Corporation (“**Freddie Mac MBS**”) (together, the Ginnie Mae MBS, Fannie Mae MBS and Freddie Mac MBS, are referred to as the “**Mortgage Backed Securities**” or “**MBS**”); and

WHEREAS, in order to carry out the Program, the Department, the Servicer and the Mortgage Lenders have entered or will enter into Origination Agreements pursuant to which: (i) the Mortgage Lenders agree to originate Mortgages (as defined below) in accordance with terms established by the Department and sell such Mortgages to the Servicer on behalf of the Department on a first come, first served basis; (ii) the Mortgage Lender agrees to sell the Servicing Rights (as defined below) for all such Mortgages to the Servicer; (iii) the Servicer agrees to pool the Mortgages into MBS on behalf of the Department, and (iv) the Servicer agrees to sell the MBS at the direction of the Department (which may include TBA Securities or Mortgage Revenue Bonds, both as defined below); and

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

WHEREAS, Appendix A to this Agreement, entitled Settlement and Delivery Instructions, dated as of [Insert Date Here] is between the Department, the Servicer and Hilltop Securities Inc., and establishes the initial procedures for the sale of the MBS to Hilltop Securities Inc.; and

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

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

ARTICLE 1 GENERAL PROVISIONS

SECTION 1.01 Definitions.

Capitalized terms used herein without definition or not otherwise defined below, have the meaning ascribed to such term in the Origination Agreements unless the context clearly requires otherwise.

“Agreement Administrator” means the individual designated by the Department to oversee the Agreement.

“Business Day” means 9am to 5pm Pacific Time any day in which normal business operations are conducted. Weekends and government holidays are not considered business days.

“Conventional Mortgage” mean a mortgage that meets either Fannie Mae or Freddie Mac guidelines.

“Defective Mortgage” means a mortgage which fails to comply with the terms of this Agreement and the underlying Program Documents.

“Fannie Mae” or “FNMA” means Federal National Mortgage Association.

“Fannie Mae Seller/Servicer” means an entity approved by Fannie Mae to sell and service Fannie Mae mortgages.

“Fannie Mae Seller/Servicer Guide” means Fannie Mae’s manual outlining the policies and procedures for selling and servicing Fannie Mae mortgages.

“FHA” means HUD’s Federal Housing Authority.

“Freddie Mac” or “FHLMC” means Federal National Home Loan Mortgage Corp.

“Freddie Mac Seller/Servicer” means an entity approved by Freddie Mac to sell and service Freddie Mac mortgages.

“Freddie Mac Seller/Servicer Guide” means Freddie Mac’s manual outlining the policies and procedures for selling and servicing Freddie Mac mortgages.

“Ginnie Mae” or “GNMA” means Government National Mortgage Association.

“Ginnie Mae Mortgage-Backed Securities Guide” means GNMA’s guide regarding MBS published here:

https://www.ginniemae.gov/issuers/program_guidelines/Pages/mbsguidelib.aspx

“Government Loans” means loans insured by the following government entities: FHA, PIH, USDA, and VA.

“GSE” means Government Sponsored Entity. In this document it refers to FNMA, FHLMC, and GNMA.

“HUD” means the U.S. Department of Housing and Urban Development.

“Mortgage File” means the mortgage documents and documentation customarily generated in the origination of a mortgage in accordance with GSE guidelines and Program Documents.

“Mortgage(s)” means a debt instrument, secured by specified real property.

“Mortgage Revenue Bonds” are either taxable or tax-free bonds issued for the purpose of providing housing under Section 42 of United States Internal Revenue Code of 1986, as amended.

“Mortgagor” is someone obligated under a mortgage.

“Non-Qualifying Mortgage” means any loan that fails to conform with the terms of this Agreement and the underlying Program Documents.

“Origination Agreements” means the Origination Agreement defined in the recitals above. The Origination Agreements will be developed by the Department, the Servicer, and the Mortgage Lenders after execution of this Agreement.

“Origination Period” means the period of time from borrower application to the completion of MBS sale.

“PIH” means the Office of Public and Indian Housing.

“PMI Insurer” means a private mortgage insurance provider who writes insurance policies protecting lenders and investors against losses on mortgages.

“Pool” means a grouping of like mortgages intended to be included in an MBS delivered to a GSE.

“Pool Purchase Contracts” means contracts for the sale of a grouping of loans to a GSE for inclusion in an MBS.

“Program Administration” means the administration and execution of the Program and subsequent related products, documents and forms.

“Program Announcements” means the announcements in relation to the Program and subsequent related products, documents and forms.

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

“Program Manual” means the manual provided by the Department, which will provide the framework and guidelines of the Program and subsequent related products, documents and forms.

“Purchase Documents” means the Seller Guide, the Origination Agreement(s) and all amendments, supplements and replacements, and any other documents and agreements between the Servicer and each Mortgage Lender regarding the sale of Mortgages.

“Purchase Date” means the date on which ownership in an asset has been transferred.

“Purchase Event” means the failure of a Mortgage Lender to re-purchase a Non-Qualifying or Defective Mortgage or if the servicer has delivered an MBS in accordance with the Department’s instructions and the purchase price for the MBS is not paid for any reason.

“Qualifying Mortgage(s)” means mortgages that adhere to the guidelines and criteria set in the Program Documents subject to the approval of the Department and Servicer.

“RD” or “USDA-RD” means the United States Department of Agriculture’s Department of Rural Development.

“Related Mortgage(s)” refers to first and second position liens secured by the same property.

“Real Estate” means real property which is interest in land and accompanying structures if applicable.

“Second Lien Mortgage” means a mortgage made and acquired pursuant to the Second Lien Mortgage Product Manual that is in second lien position.

“Second Lien Mortgage Product Manual” means the manual for Second Lien Mortgage under the Department’s Program. The Second Lien Mortgage Product Manual will be developed by the Department and the Servicer after execution of this Agreement. Any then current Second Lien Mortgage Product Manual, when approved by the Department, will be deemed incorporated into this Agreement.

“Section 184” means PIH’s Section 184 Indian Home Loan Guarantee Program.

“Seller Guide” means the guide prepared by the Servicer and/or GSE for the origination and delivery of Mortgages to be purchased and the eligibility, credit and security underwriting standards applicable thereto, as the same may be amended and supplemented from time to time in accordance with this Agreement.

“Services” means purchasing of Mortgages from Mortgage Lenders, pooling of Mortgages into MBS at the direction of the Department and the servicing of Mortgages and all associated duties as outlined in the Program Documents.

“Servicing Fee” means the compensation or fee payable to the Servicer for the servicing and administration of Mortgages.

“Servicing Release Premium” means the compensation/fee payable to the Department for the sale of the Servicing Rights.

“Servicing Rights” means a contractual agreement for the right to service mortgages.

“TBA Securities” are MBS whose end investor are not yet announced or “To Be Announced”.

“VA” means United States Department of Veteran’s Affairs.

SECTION 1.02 Servicer’s Representations, Warranties and Covenants.

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

(a) The Servicer is a [Enter Servicer Entity Type Here], duly organized, validly existing and in good standing under the laws governing its creation and existence, is duly qualified to transact business in the state of Oregon, and possesses all requisite authority, power, licenses, permits and franchises to conduct any and all business contemplated by the Program Documents and to execute, deliver and comply with its obligations under the terms of the Program Documents, the execution, delivery and performance of which have been duly authorized by all necessary corporate action.

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

(c) The execution and delivery of this Agreement by the Servicer in the manner contemplated herein and the performance and compliance with the terms hereof by it do not require the consent or approval of any governmental authority, or if such consent or approval is required, it has been obtained.

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

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

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

(g) The Servicer agrees that so long as it shall continue to serve in the capacity contemplated under the terms of this Agreement, it will remain in good standing under the laws governing its creation and existence and qualified and licensed to do business in the state of Oregon, will not dissolve or otherwise dispose of all or substantially all of its assets. Further, except as provided in Section 4.03 hereof, Servicer may assign with the prior written consent of the Department, which consent shall not be unreasonably withheld, all (but not a portion) of its rights and obligations under the entire Agreement if the requirements of this

Section 1.02(g) are met. The assignee of servicing: (i) shall demonstrate to the reasonable satisfaction of the Department its ability to perform the duties of the Servicer as specified under this Agreement, and shall have a net worth equal to or greater than the net worth of the Servicer immediately preceding any such assignment of servicing; (ii) shall be qualified under the laws of the State to do business in the state of Oregon; (iii) shall be qualified under all State and federal laws and have all necessary licenses and approvals (or have obtained written waivers thereof) required of the Servicer under this Agreement to perform Servicer's duties under this Agreement and other Program Documents; (iv) shall be an FHA/VA/RD/PIH-approved mortgagee, a Ginnie Mae-approved seller/servicer, a Fannie Mae-approved seller/servicer, and a Freddie Mac-approved seller/servicer; and (v) shall assume in writing all of the obligations of the Servicer under this Agreement. Upon satisfaction of the foregoing conditions, the Department shall release the Servicer in writing, concurrently with and contingent upon such assumption, from all obligations so assumed. For purpose of clarification, the terms of this Section 1.02(g) are applicable only to an assignment of the Servicer's rights and obligations under this Agreement, and not the Servicer's rights with respect to any mortgage Servicing Rights ("**MSRs**") owned by Servicer.

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

(i) The Servicer is a [Enter Servicer Entity Type Here] that provides service or otherwise aids in the financing of Mortgages on Real Estate.

(j) The Servicer is approved by Ginnie Mae, Fannie Mae and Freddie Mac to service the type of Mortgages to be originated by the Mortgage Lenders under the Program, is an FHA/VA/RD/PIH approved mortgagee, meets all the issuer eligibility requirements of Ginnie Mae, Fannie Mae and Freddie Mac (including net worth requirements), is approved by Ginnie Mae, Fannie Mae and Freddie Mac to issue Mortgage-Backed Securities guaranteed by Ginnie Mae, Fannie Mae and Freddie Mac respectively and is approved by Ginnie Mae, Fannie Mae, and Freddie Mac to deliver Mortgages to back Mortgage-Backed Securities issued and guaranteed by Ginnie Mae, Fannie Mae and Freddie Mac respectively.

(k) The Servicer is organized and operated for the purpose, among others, of issuing and delivering Mortgage-Backed Securities guaranteed by Ginnie Mae, Fannie Mae and Freddie Mac and has full legal power and authority under its organizational documents

and applicable laws and to perform its obligations hereunder and thereunder, and by proper action has duly authorized the delivery of the Ginnie Mae, Fannie Mae and Freddie Mac MBS.

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

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

(n) The Servicer will comply, with respect to the servicing of the Mortgages as set forth in this Agreement and the other Program Documents: (i) as to the servicing of each FHA, VA, RD, or Section 184 Mortgage, with the provisions of Ginnie Mae and all other applicable rules, regulations, policies and guidelines of Ginnie Mae; (ii) as to each FHA-insured Mortgage, with the National Housing Act of 1934, as amended, all rules and regulations issued thereunder and all applicable administrative publications; (iii) as to each VA-guaranteed Mortgage, with the Servicemen's Readjustment Act, as amended, all rules and regulations issued thereunder and all applicable administrative publications; (iv) as to each RD-guaranteed Mortgage, with respect to all rules, regulations, and all applicable administrative publications issued by RD; (v) as to each Section 184 Mortgage, with respect to all rules and regulations issued by PIH; (vi) as to each Conventional Mortgage, with the requirements established by Fannie Mae or Freddie Mac, the applicable PMI Insurer, and with the provisions of the Pool Purchase Contracts and Fannie Mae Sell or Freddie Mac Seller/Servicer Guides; and (vii) as to each Mortgage, with all applicable regulations, policies and guidelines thereunder, all as provided in this Agreement or as provided in writing by the Department.

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

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

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

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

SECTION 1.03 Department's Representations, Warranties and Covenants.

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

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

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

(c) This Agreement and all documents and instruments contemplated hereby that are executed and delivered by the Department will constitute valid, legal, and binding obligations of the Department, enforceable in accordance with their terms, except as the enforcement thereof may be limited by applicable debtor relief laws and principles of equity. The Department's obligation to pay any amounts and otherwise perform its duties under this Agreement is conditioned upon the Department receiving funding, appropriations, limitations, allotments, or other expenditure authority sufficient to allow the Department, in the exercise of its reasonable administrative discretion, to meet its obligations under this Agreement. Nothing in this Agreement may be construed as permitting any violation of Article XI, section 7 of the Oregon Constitution or any other law limiting the activities, liabilities or monetary obligations of the Department.

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

ARTICLE 2 PROGRAM ADMINISTRATION

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

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

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

SECTION 2.02 Specific Responsibilities of the Department.

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

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

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

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

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

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

(f) Establishing and maintaining the first-come, first-serve reservation system described in the Program Manual and incorporated herein by this reference, as such Program Manual may be amended from time to time, by which Mortgage Lenders can, upon

submission of appropriate information to the Department, reserve on a first come, first served basis, for a period of time specified in the applicable Program Announcements, an amount representing the outstanding principal amount of a Mortgage to be sold to the Servicer;

(g) Establishing and maintaining the Second Lien Mortgage acquisition process described in the Origination Agreement as Second Lien Mortgage incorporated herein by this reference, as such exhibit may be amended from time to time, by which Mortgage Lenders will originate Second Lien Mortgage and sell them to the Servicer on behalf of the Department (i.e., the Servicer will purchase the Second Lien Mortgages from the Mortgage Lenders on behalf of the Department and the Department will reimburse the Servicer for Second Lien Mortgage meeting Second Lien Mortgage Product Manual guidelines within 30 days after the request for reimbursement and the Related Mortgage being sold to an entity designated by the Department as part of a Ginnie Mae, Fannie Mae, or Freddie Mac MBS. The price of the Second Lien Mortgages will be par, or 100.00% of the unpaid principal balance of the Second Lien Mortgage and no Servicing Release Premium fee will be paid by the Servicer for the rights to service the Second Lien Mortgages); and

(h) The Department's Homeownership Division Director, Homeownership Manager or Contract Administrator shall be the person responsible for Program Administration duties and the Contract Administrator shall be the primary contact person for the Department; such person shall have the appropriate authority to respond to reasonable requests and inquiries of the Department.

SECTION 2.03 Department-Servicer Coordination.

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

(a) The Department reserves the right to modify Program guidelines, provided, however, that such modification will be communicated in writing to the Servicer and approved by the Servicer, which approval shall not be unreasonably withheld. The parties agree that modifications that are consistent with the existing Program Documents, do not make it materially more difficult to originate and service Mortgages, and do not materially increase the burden of work on the Servicer, unless such modifications are required by State or federal law, will be presumed reasonable and that Servicer will promptly provide its consent to such modification. The Department will make reasonable efforts to not notify Mortgage Lenders of modifications to Program guidelines until such modifications are approved by Servicer, except in the case of changes required by GSE guidelines or required by State or federal law.

Furthermore, the Servicer reserves the right to add to, modify or change the underwriting guidelines established by the Department and the Purchase Documents, including, but limited to, adding program overlays or making changes to credit scores or

back-end ratios; provided, however, that any such modifications (i) are consistent with the current or modified terms applicable to Servicer's correspondent or wholesale loan programs, or (ii) are related to the performance of the Program as determined by Servicer. Any such modifications made by the Servicer shall be communicated in writing to the Department at least thirty (30) days prior to the effective date of such modifications with an explanation from the Servicer to the Department as to the reason for such changes (unless required by state or federal law or regulation or required by a GSE).

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

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

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

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

SECTION 2.04 Review of Mortgage File; Purchase by Servicer.

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

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

(1) Acquire Mortgages on behalf of the Department on a Business Day basis.

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

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

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

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

SECTION 2.05 Assumption Restrictions.

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

Second Lien Mortgages are not assumable.

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

(a) if such approval is required, and FHA, RD, VA, PIH, the PMI Insurer, the GSE's, as applicable, have approved such conveyance and the Mortgage shall continue to be insured or guaranteed, as applicable by FHA, VA, RD, PIH or the PMI Insurer;

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

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

(d) the new Mortgagor shall have submitted a VA Guaranty Applicant's Certificate of Understanding and Consent, a Mortgagor's Certificate Regarding FHA Insured

Home Mortgage or approval of assumptions by the PMI Insurer, RD, PIH, HUD, or comparable GSE, as appropriate, in the forms contained in the Program Manual.

If the Servicer determines that property subject to a Mortgage or Second Lien Mortgage has been conveyed by a Mortgagor and that the above conditions (a) through (d) are not satisfied, the Servicer shall give notice thereof to the Department. If the Servicer believes that some action other than foreclosure can be taken so as to enable it to consent to the transfer of the Real Estate and such action is acceptable to the GSE's, FHA, VA, RD, PIH, HUD, or PMI Insurer as applicable, it shall so advise the Department and cause such action to be taken or not, as the case may be, at the direction of the Department. If no such action can be taken, the Servicer shall so advise the Department, shall take any and all steps necessary to secure all benefits payable under the FHA insurance, the VA guaranty, RD guaranty, Section 184 guaranty, HUD or the private mortgage guaranty insurance of the PMI Insurer, as applicable, and shall commence foreclosure proceedings in accordance with FHA, VA, RD, PIH, HUD and PMI Insurer procedures, as applicable.

SECTION 2.06 Liability of the Servicer for Expenses.

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

SECTION 2.07 Additional Provisions.

Servicer shall comply with Exhibits 1 – through 5 for this Agreement.

SECTION 2.08 Reports to the Department.

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

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

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

This information is to include the following:

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

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

(C) on or before one hundred-twenty (120) days after the end of the Servicer's fiscal year (which presently ends on [enter date here]) during the Program, at the Servicer's expense;

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

(E) upon the written request of the Department, a statement from an independent certified public accountant concerning compliance with servicing standards on the basis of an examination conducted substantially in compliance with the audit program for mortgages serviced for Fannie Mae or Freddie Mac, HUD's FHA-Approved Lenders Audit Guidance, or the Uniform Single Audit Program for Mortgage Bankers; and

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

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

(3) such other reports relating to the Program as the Department may reasonably request.

(b) Future Reports to the Department. The Servicer will submit or make available online within the Servicer's website, to the Department (to the attention of the Contract Administrator) a daily status report (by electronic means satisfactory to the Department) by 9:00 a.m. (Pacific time) each business day morning with loans purchased and pooled to date and current status of loans in the portfolio.

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

ARTICLE 3

PURCHASE OF MORTGAGE BACKED SECURITIES; PURCHASE BY DEPARTMENT

SECTION 3.01 Purchase of Ginnie Mae Mortgage Backed Securities.

(a) Following the Servicer's periodic purchase of FHA, VA, Section 184, RD or HUD guaranteed mortgages pursuant to the Purchase Documents, the Origination Agreements and the Program Manual, the Servicer shall prepare a package of the documents for such Mortgages and submit such documentation to Ginnie Mae or its agents for review. Following satisfactory review by Ginnie Mae or its agent of the pool documentation package, the Servicer shall cause a Ginnie Mae MBS (pooled pursuant to the concurrent dates method as specified in the Ginnie Mae Guide) to be issued in the same principal amount as the outstanding principal amount of FHA, VA, RD, Section 184 and/or HUD guaranteed mortgages represented by the pool documentation package in accordance with pooling instructions provided by the Department or the entity designated on Appendix A and agreed to by Servicer. Upon issuance of the Ginnie Mae MBS, the Servicer shall use commercially reasonable efforts to deliver such Ginnie Mae MBS on the established and agreed upon settlement date to the entity designated by the Department in accordance with Appendix A (which entity has the full legal power and authority to purchase and receive such MBS on behalf of the Department), as such appendix may be updated or substituted from time to time.

(a) Servicer shall create multiple pools and allow for multiple monthly settlement dates of Ginnie Mae, Fannie Mae, and/or Freddie Mac MBS. FHA, VA, USDA-RD, and Section 184 Mortgages ("Government Loans") will be pooled under either the Ginnie Mae I or II MBS.

(b) Pursuant to the current standards and policies, in place as of the Effective Date, of Ginnie Mae as set forth in the Ginnie Mae Mortgage-Backed Securities Guide, the

Servicer may provide for the issuance of Ginnie Mae MBS by pooling Mortgages to constitute Pools in a minimum principal face amount in accordance with Ginnie Mae guidelines. The total principal face amount of any issue of Ginnie Mae MBS shall not exceed the aggregate unpaid principal balances of Mortgages in the Pool.

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

SECTION 3.02 Purchase of Fannie Mae or Freddie Mac Mortgage Backed Securities.

(a) It is hereby recognized and acknowledged that the procedures set forth in this Section are applicable to the sale of Fannie Mae or Freddie Mac MBS by the Servicer as of the Effective Date, and the parties hereto further recognize and acknowledge that the procedures, guidelines and policies of Fannie Mae or Freddie Mac may be amended or modified in the future.

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

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

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

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

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

(g) Pursuant to the current standards and policies, in place as of the Effective Date, of Fannie Mae and Freddie Mac as set forth in the Fannie Mae Seller/Servicer Guide and the Freddie Mac Seller/Servicer Guide, the Servicer may provide for the issuance of Fannie Mae or Freddie Mac MBS by purchasing Mortgages to be delivered to Fannie Mae or Freddie Mac to constitute Pools in a minimum original outstanding principal amount of Two Hundred and Fifty Thousand Dollars (\$250,000), or such lesser amount as may be permitted or approved by Fannie Mae or Freddie Mac, respectively. The total principal amount of any issue of Fannie Mae or Freddie Mac MBS shall not be less than the aggregate unpaid principal balances of Mortgages in the Pool as of the issue date of the MBS.

(h) All Fannie Mae MBS shall be issued with the Special Servicing Option (as defined in the Fannie Mae Seller/Servicer Guide).

SECTION 3.03 Sale of Ginnie Mae Mortgage Backed Securities, Fannie Mae Mortgage Backed Securities and Freddie Mac Mortgage Backed Securities.

The Department hereby agrees and authorizes the sale of the Ginnie Mae, Fannie Mae, and Freddie Mac MBS to the entity designated by the Department in accordance with Appendix A.

SECTION 3.04 Insufficient Mortgages to Make a Pool.

Notwithstanding any other provisions hereof, if at the expiration of any Origination Period the Servicer is holding insufficient Mortgages necessary to make a Pool of the minimum size to issue a Ginnie Mae, Fannie Mae, or Freddie Mac MBS, the Servicer may at its option retain any or all of such loans for its own account or sell them to others. To avoid exercising this option, the Servicer may hold what may be (in the Servicer's reasonable judgment) the final Pool open for such Mortgages at least until the closing date for the Pool announced to the Mortgage Lenders.

SECTION 3.05 Purchase Event with respect to Mortgages or Mortgage Backed Securities.

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

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

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

(b) The Department will use its best efforts to cure, or to cause to be cured, any Purchase Event, within ten (10) days after the Department's receipt of written notice of its occurrence from the Servicer.

ARTICLE 4 SERVICING

SECTION 4.01 Servicer's Duties and Responsibilities.

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

(b) After the Purchase Date with respect to each MBS, the Mortgage servicing and related activities of the Servicer hereunder shall be governed by the provisions of the Ginnie Mae Guide, Fannie Mae Seller/Servicer Guide or Freddie Mac Seller/Servicer Guide, as applicable. The Servicer shall and is hereby irrevocably authorized and empowered by the Department to make and deliver instruments, or cause such instruments to be made and delivered, for and on behalf of and in the name of the Department as may be necessary to consummate the foregoing. In addition, the Servicer shall perform its duties set out in the Origination Agreements and Pool Purchase Contracts, including, but not limited to, participation in Mortgage assumptions by eligible Mortgagors, foreclosure on Non-Qualifying Mortgages or causing Mortgage Lenders to reacquire Non-Qualifying Mortgages

and keeping and reporting regularly to the Department with respect to origination of Mortgages and acquisition of MBS during the Origination Period.

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

SECTION 4.02 Servicing Standards.

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

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

SECTION 4.03 Assignment of Servicing Obligations; Servicing by [Enter Servicer Name Here].

(a) Subject to the provisions of Section 1.02 hereof, the Servicer may assign for consideration all (but not a portion) of its rights and obligations under this Agreement to another servicer, provided that such assignment is evidenced by a written agreement in which the assignee agrees to assume all of the Servicer’s obligations hereunder. Any such assignment requires prior written consent of the Department, which consent shall not be unreasonably withheld. For purpose of clarification, the terms of this Section 4.03(a) are applicable only to an assignment of the Servicer’s rights and obligations under this Agreement, and not the Servicer’s rights with respect to any MSRs owned by Servicer.

(b) The Department acknowledges and consents to the servicing of the Mortgages by [Enter Servicer Name Here], a [Enter Servicer Entity Type Here] on behalf of the Servicer

following purchase of the Mortgages by Servicer. The Servicer shall retain the right, at its discretion, to direct that the Mortgages be serviced by [Enter Servicer Name Here], a [Enter Servicer Entity Type Here], or any other third-party servicer or subservicer; provided such other third-party servicer or subservicer: (i) is qualified under the laws of the State to do business in the state of Oregon; (ii) is qualified under all applicable State and federal laws and has all necessary licenses and approvals (or has obtained written waivers thereof) required to perform its duties on behalf of Servicer under this Agreement and other Program Documents; and (iii) is approved to service mortgages by FHA, HUD, VA, PIH, RD, Ginnie Mae, Fannie Mae and/or Freddie Mac, as applicable.

(c) Upon the request of the Department, Servicer shall promptly, and after consultation with the Department, address any concerns or issues raised by the Department regarding any of Servicer's third-party servicers or subservicers performing services under this Agreement.

SECTION 4.04 Acquisition and Sale Prices.

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

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

(a) The Servicer's compensation for servicing with respect to each Mortgage shall consist of an amount based on and payable from the interest portion of each monthly installment of principal and interest actually collected by the Servicer with respect to such Mortgage, equal to the Servicing Fee.

(b) The Servicer shall also be entitled to retain any late charges paid by Mortgagors as additional compensation (but not default rate interest).

(c) The Department and Servicer agree to initially limit tax service and flood fees to no greater than \$65 and \$10, respectively, per Mortgage. However, if the Program Manual sets forth tax service and flood fees, the amounts in the Program Manual will control.

(d) The Department agrees to reimburse the Servicer for its funding fee for each Mortgage in an amount equal to **\$250** per Mortgage.

SECTION 4.06 Servicing of Second Lien Mortgages.

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

(a) The Servicer shall service all Second Lien Mortgages assigned to it by a Lender and shall also service any Related Mortgages. The Servicer shall have full power and

authority, acting alone, to do any and all things in connection with such servicing which it may deem necessary or desirable, and will exercise at least the same degree of care that the Servicer exercises with respect to the servicing of mortgages for the Servicer's own account.

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

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

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

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

(f) Each Second Lien Mortgage shall be serviced by the same entity which services any Related Mortgages. The Mortgagor shall be provided with a single consolidated monthly statement requesting a single payment, which payment shall include the payments

due on any Related Mortgages and the Second Lien Mortgage. If a Mortgagor elects to have withdrawals for payments with respect to both Mortgagor's Related Mortgage and Second Lien Mortgage under an electronic payments system, the Servicer may draw on the Mortgagor's amount separately for payments due with respect to the Related Mortgage and Second Lien Mortgage provided the Servicer does so contemporaneously.

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

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

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

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

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

(l) Following the purchase of Second Lien Mortgages by the Servicer on behalf of the Department, the Servicer shall collect and will remit payments actually received by the Servicer through the twentieth of each month for the Second Lien Mortgages to the Department, within five business days after the twentieth of each month as long as any

Second Lien Mortgages are outstanding. A monthly remittance report reflecting collection activity through the twentieth (20th) of each month will be provided with each payment and shall include: the Department loan number, borrower name, principal and interest payment detail and total payment for each loan.

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

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

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

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

SECTION 4.07 Procedure on Default Under Second Lien Mortgage.

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

under the circumstances in the conduct of its own affairs. Upon receipt of any proceeds received pursuant to this Section, Servicer shall deliver any such proceeds to the Department.

ARTICLE 5 THE SERVICER

SECTION 5.01 RESERVED.

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

(a) The Servicer shall not resign from the obligations and duties hereby imposed on it except (i) upon determination that its duties hereunder are no longer permissible under applicable law or regulation, (ii) in the event that the Department makes programmatic changes in connection with the Program that the Servicer determines in its sole discretion will materially increase Servicer's burden or cause it hardship in performing its duties under this Agreement, or (iii) in the event that market conditions materially increase Servicer's burden or cause it hardship in performing its duties under this Agreement. Any determination permitting the resignation of the Servicer pursuant to (i) shall be evidenced by an opinion of counsel satisfactory to the Department to such effect delivered to the Department. Servicer shall provide prompt written notice to the Department if Servicer resigns pursuant to (i), and ninety (90) days written notice to the Department if Servicer resigns pursuant to (ii) and (iii).

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

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

SECTION 5.03 No Early Termination Except for Breach.

Except as provided in Article 6 hereof, the Department may not, without the written consent of Servicer, terminate this Agreement prior to the end of the term set forth in Section 8.10 hereof or relieve Servicer of its rights and obligations hereunder, including but not limited to its rights to service the Mortgages.

ARTICLE 6 CAUSES PERMITTING TERMINATION

SECTION 6.01 Causes of Termination by the Department.

Upon the happening of any one (1) or more of the following events, the Department may terminate this Agreement with respect to the Servicer (except with respect to Servicer's

Mortgage servicing duties hereunder which may only be terminated by Ginnie Mae, Fannie Mae or Freddie Mac, as applicable) and as provided in Section 6.02 hereof, the Department shall have the other remedies specified therein:

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

(b) A decree or order of a court or agency or supervisory authority having jurisdiction in the premises for the appointment of a conservator or receiver or liquidator in any insolvency, readjustment of debt, marshaling of assets and liabilities or similar proceedings, or for the winding-up or liquidation of its affairs, shall have been entered against the Servicer and such decree or order shall have remained in force, undischarged or unstayed for a period of sixty (60) days.

(c) The Servicer shall consent to the appointment of a conservator or receiver or liquidator in any insolvency, readjustment of debt, marshaling of assets and liabilities or similar proceedings of the Servicer.

(d) The Servicer shall admit in writing its inability to pay its debts generally as they become due, file a petition to take advantage of any applicable insolvency or reorganization statute, make an assignment for the benefit of its creditors, or voluntarily suspend payment of its obligations.

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

(f) The Servicer shall cease to be approved by Ginnie Mae, Fannie Mae or Freddie Mac to sell or service the type of Mortgages to be financed under the Program pursuant to the Indenture, shall cease to be a FHA/VA-approved mortgagee, shall cease to

meet all of the issuer eligibility requirements of Ginnie Mae, Fannie Mae or Freddie Mac (including net worth requirements) or shall cease to be approved by Ginnie Mae to issue MBS guaranteed by Ginnie Mae pursuant to Section 306(g) of Title III of the National Housing Act and applicable regulations thereunder.

SECTION 6.02 Remedies of the Department.

Whenever any cause of which the Department has actual notice referred to in Section 6.01 hereof shall have happened and be continuing, the Department may take any one (1) or more of the following remedial steps:

(a) With the written approval of Ginnie Mae and/or Fannie Mae and/or Freddie Mac, as applicable, the Department may, subject to applicable State and federal law and following the period of up to sixty (60) days referred to in Section 6.03 hereof, terminate all of the Servicer's rights and obligations under the Program Documents, including the servicing of the Mortgages and the administration of the Program. On or after the receipt by the Servicer of such written notice, all authority and power of the Servicer under the Program Documents with respect to servicing the Mortgages and administering the Program shall pass to and be vested in a substitute servicer designated by the Department; provided that (1) the substitute servicer is acceptable to Ginnie Mae, Fannie Mae, Freddie Mac, USDA-RD and the Department, and (2) such substitute servicer is a Ginnie Mae-approved issuer-servicer of FHA-insured and VA-guaranteed mortgages and an authorized issuer of Ginnie Mae MBS and is approved by the PMI Insurer and Fannie Mae and Freddie Mac and will remain so approved for the term of this Agreement. The Department is hereby authorized and empowered to execute and deliver, on behalf of the Servicer, as attorney-in-fact or otherwise, any and all documents and other instruments, and to do or accomplish all other acts or things necessary or appropriate to effect the purposes of any such termination. The Servicer agrees to cooperate with the Department in effecting the termination of the Servicer's responsibilities hereunder, including, without limitation, the transfer to a substitute servicer for administration by it of the Mortgage Files and all cash amounts which shall at the time be held by the Servicer or thereafter received with respect to the Mortgages.

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

SECTION 6.03 Additional Termination.

(a) Mutual Termination. The parties may terminate this Agreement in whole or part upon mutual written agreement at any time.

(b) The Department may terminate this Agreement, without cause, upon at least thirty (30) calendar days' prior written notice to Servicer.

SECTION 6.04 No Remedy Exclusive.

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

SECTION 6.05 Remedies of Servicer for Breach by Department.

Upon the failure by the Department duly to observe or perform in any respect any of the covenants, conditions or agreements applicable to it in this Agreement, for a period of sixty (60) after written notice, specifying such failure and requesting that it be remedied, is given by the Servicer to the Department, unless the Servicer shall agree in writing to an extension of such time prior to its expiration then a breach of this Agreement shall have occurred; provided, however, if the failure stated in the notice is correctable and cannot be corrected within the applicable time period, the Servicer will not unreasonably withhold this consent to an extension of such time if corrective action is instituted by the Department within the applicable period and diligently pursued until the failure is corrected. Nothing in this paragraph shall limit the Servicer's ability to suspend its purchases of Mortgages under the Origination Agreement in accordance with Article 3 of this Agreement. The Department acknowledges and agrees that the Servicer's failure or refusal to purchase Mortgages in accordance the Origination Agreement during any period in which the entity designated by the Department in accordance with Appendix A is not purchasing MBS in accordance with Article 3 of this Agreement shall not constitute a default or breach of any obligation of the Servicer under this Agreement.

**ARTICLE 7
FURTHER AGREEMENTS**

The parties hereto agree that this Agreement may be amended from time to time to add to the duties and responsibilities among them arising from the development of new products or services in support of the Department's Program. Any such agreement shall be in writing, shall be executed by all parties hereto and shall be incorporated by amendment.

**ARTICLE 8
MISCELLANEOUS PROVISIONS**

SECTION 8.01 Records Maintenance and Audits.

(a) The Servicer agrees to keep proper books, records and accounts in accordance with the Ginnie Mae Guide, Fannie Mae Seller/Servicer Guide, Freddie Mac Seller/Servicer Guide and the Program Documents pertaining to its responsibilities hereunder. Additionally,

Servicer shall maintain any other records pertinent to this Agreement in such a manner as to document clearly Servicer's performance of its duties under this Agreement. Servicer shall retain and keep accessible all such records, books, documents, papers, plans, and writings for a minimum of six (6) years, or such longer period as may be required under applicable law, following termination of this Agreement, or until the conclusion of any audit, controversy, or litigation arising out of or related to this Agreement, whichever date is later.

(b) Servicer shall permit the Department, the Oregon Secretary of State's Office, and their duly authorized representatives access to such records and other books, documents, papers, plans, and examinations and audits and make excerpts and transcripts during reasonable hours and under reasonable conditions.

SECTION 8.02 Transfer of Duties.

Upon termination of this Agreement, upon termination of administration with respect to any Mortgage or upon assignment of the Servicer's administration responsibilities under this Agreement, the Servicer shall promptly, but not later than thirty (30) days after such termination, supply all reports, documents and information which are required by the Ginnie Mae Guide, Fannie Mae Seller/Servicer Guide Freddie Mac Seller/Servicer Guide, or otherwise required by the Program Documents, and which are customarily provided upon such termination, to any person or entity designated by the Department, and shall use its best efforts to effect the orderly and efficient transfer of servicing and administration to a new servicer and program administrator designated by the Department, including preparation of accounting statements in the form required by Ginnie Mae, Fannie Mae, and Freddie Mac, and delivered to the Department, or its designee, of all money held and all papers and records pertaining to such Mortgages. Upon any subsequent recovery in connection with a Mortgage of amounts advanced by the Servicer during its term of servicing in connection with such Mortgage, the Department require the new servicer to reimburse the Servicer for such amounts advanced and subsequently recovered.

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

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

(b) After a Mortgage or Second Lien Mortgage is acquired by the Servicer, Servicer shall not offer loans banking and related services including deposit services, loan or

credit services or insurance or such other services or merchandise programs provided by or through the Servicer or another entity affiliated with the Servicer through common ownership or control.

SECTION 8.04 Joinder in Legal Proceedings.

Upon the request of the Servicer, and subject to the consent of the Oregon Attorney General, at the Servicer's sole expense, the Department shall join plaintiff as parties in any legal proceeding brought by the Servicer against any Mortgage Lenders concerning any obligations of Mortgage Lender under the Origination Agreements. In the event that the Department shall join in any such legal proceeding at the request of Servicer, the Servicer shall indemnify, and hold harmless, the Department from any and all costs and expenses in any form and for whatever reason incurred, including, but not limited to any and all costs and attorneys' fees of a defendant required to be paid by the Department by court order in the event of a judgment in favor of such defendant. Provided, however, neither Servicer nor any attorney engaged by Servicer may represent the State of Oregon, nor purport to act as legal representative of the State of Oregon or any of its agencies, without first receiving from the Oregon Attorney General, in a form and manner determined appropriate by the Oregon Attorney General, authority to act as legal counsel for the State of Oregon. Nor may Servicer settle any claim on behalf of the State of Oregon without the approval of the Oregon Attorney General. The State of Oregon may, at its election and expense, assume its own legal representation and settlement in the event the State of Oregon determines Servicer or its counsel is prohibited from representing the State of Oregon, or is not adequately pursuing the State of Oregon's interests, or an important governmental principle is at issue and the State of Oregon desires to assume its own legal representation.

SECTION 8.05 Amendments, Changes and Modifications.

This Agreement may be amended, changed, modified, or altered only with the written consent of the parties hereto.

SECTION 8.06 Governing Law.

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

SECTION 8.07 Notices.

Except as otherwise expressly provided in this Agreement, any communications between the parties hereto or notices to be given hereunder must be given in writing by email, personal delivery, facsimile, or mailing the same, postage prepaid, to Servicer or Department at the email address, postal address or telephone number set forth in this Agreement. Any communication or notice so addressed and mailed is effective five (5) business days after mailing. Any communication or notice delivered by facsimile is effective on the day the transmitting machine generates a receipt of the successful transmission, if

transmission was during normal business hours, or on the next business day, if transmission was outside normal business hours of the recipient. To be effective against Department, any notice transmitted by facsimile must be confirmed by telephone notice to Department's Contract Administrator. Any communication or notice given by personal delivery is effective when actually delivered. Any notice given by email is effective when the sender receives confirmation of delivery, either by return email, or by demonstrating through other technological means that the email has been delivered to the intended email address.

SECTION 8.08 Severability.

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

SECTION 8.09 Further Assurances and Corrective Instruments.

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

SECTION 8.10 Term of Agreement.

This Agreement shall be in full force and effect from the Effective Date and shall continue in effect so long as the Program continues or until such time as terminated pursuant to the terms of this Agreement. The terms under which the Servicer will acquire Mortgages and deliver MBS shall continue until three (3) years from the Effective Date, with the option by the Department and agreed to by the Servicer, for up to seven (7)- succeeding one-year periods, unless further modified or extended by mutual consent.

SECTION 8.11 No Rights Conferred on Others.

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

SECTION 8.12 Signatories Not Liable.

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

SECTION 8.13 Successors and Assigns.

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

SECTION 8.14 Confidentiality of Data.

(a) Subject to the Oregon Public Records Law (ORS 192.311 to 192.478), the Department and the Servicer acknowledge that all financial, statistical, personal, including any and all non-public personal information of a consumer or customer of a disclosing party hereunder (the "Disclosing Party"), technical and other data and information relating to the Disclosing Party's operation which are made available to the other party (the "Receiving Party") in connection with this Agreement, or which become available to the Receiving Party in connection with this Agreement, shall be protected by the Receiving Party from unauthorized use and disclosure. The Receiving Party will take all reasonable measures, including without limitation such measures as it takes to safeguard its own confidential information, to ensure the security and confidentiality of all information provided to it by the Disclosing Party, to protect against all threats or hazards to the security or integrity of the information, and to protect against unauthorized access to or use of the information. Should the Receiving Party experience a confirmed breach of the security of any system it maintains to protect data provided by the Disclosing Party or affecting any of the Disclosing Party's operations or customers, or should the Receiving Party determine, after conducting an appropriate investigation that there has been an unauthorized release of confidential information, then the Receiving Party shall immediately notify the Disclosing Party and comply with applicable State and federal law in providing notice to affected borrowers, as applicable. In addition to the requirements set forth in this section, Servicer shall comply with the confidential requirements in Exhibit 1.

(b) The Department may disclose Confidential Information to the extent disclosure is required by the Oregon Public Records Law (ORS 192.311 to 192.478). If Department receives from a third party any request under the Oregon Public Records Law for the disclosure of Servicer Confidential Information, Department shall notify Servicer within a reasonable period of time of the request. Servicer is exclusively responsible for defending Servicer's position concerning the confidentiality of the requested information. The Department is not required to assist Servicer in opposing disclosure of Confidential Information. For purposes of this Section 8.14(b), "Confidential Information" means information marked or designated in writing by either party as "confidential" prior to initial disclosure.

SECTION 8.15 Additional Servicers; Ginnie Mae, Fannie Mae and/or Freddie Mac Approved Seller/Servicer.

The parties acknowledge that the Department may enter into an agreement with additional servicers.

The parties acknowledge that the Department may apply to Ginnie Mae, Fannie Mae and/or Freddie Mac to become an approved seller/servicer during the term of this Agreement. The Servicer agrees to work cooperatively with the Department to share best

practices and to provide educational opportunities to Department staff with the goal of the Department acquiring a Ginnie Mae, Fannie Mae and/or Freddie Mac seller/servicer number.

The Department may consider other options to assure the timely acquisition, pooling and servicing of Mortgages across all of its programs and agrees to consult with the Servicer regarding its capacity in this regard.

SECTION 8.16 Force and Effect of Emails

The parties each agree that any email transmitted by it or its authorized representatives pursuant to this Agreement shall be given the same force and effect as if such email had been in the form of a writing and manually signed by the person transmitting such document.

SECTION 8.17 Counterparts

This Agreement may be executed in two or more counterparts, each of which is an original, and all of which together are deemed one and the same instrument, notwithstanding that all parties are not signatories to the same counterpart.

[Remainder of this page intentionally blank.]

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

[Master Servicer]

By: _____
Its: _____
Date: _____

**OREGON HOUSING & COMMUNITY SERVICES
DEPARTMENT**

By: _____
Margaret Salazar, Director or delegate
Date: _____

DOJ legal sufficiency:

By: _____
Title: _____
Date: _____

Servicer's Contract Administrator:

Name and Title
**Address
**City, State ZIP
Phone: (xxx) xxx-xxxx
anymail@yahoo.com

Agency's Contract Administrator:

Scott Shaw, Senior Program Analyst
OHCS Homeownership Division
725 Summer St. NE, Suite B
Salem, OR 97301
Phone: (xxx) xxx-xxxx
Scott.Shaw@oregon.gov

[Homeownership Director:](#)
[\[insert contact info\]](#)

[Homeownership Manager:](#)
[\[insert contact info\]](#)

Either party may change its Contract Administrator by providing the other notice in compliance with Section 8.07 of this Agreement.

EXHIBIT 1

Additional State of Oregon Provisions

The following provisions are requirements from Department to Servicer. This Exhibit 1 applies this Agreement #[insert], collectively referred to in this Exhibit as the "Agreement".

1. Independent Contractor; Responsibility for Taxes and Withholding

Independent Contractor. Servicer shall perform all Services as an independent contractor. Department reserves the right (i) to determine and modify the delivery schedule for the Services and (ii) to evaluate the quality of the Services; however, Department may not and shall not control the means or manner of Servicer's performance. Servicer is responsible for determining the appropriate means and manner of performing the Services.

No Conflicts. Servicer, by signature to this Agreement, represents and warrants that Servicer's performance of the Services under this Agreement creates no potential or actual conflict of interest as defined by ORS 244; and no statutes, rules or regulations of any State of Oregon or federal agency for which Servicer currently performs work would prohibit Servicer from performing the Services under this Agreement.

Affiliation. Servicer understands and agrees that it is not an "officer," "employee," or "agent" of the State of Oregon, as those terms are used in ORS 30.265 or otherwise.

Taxes and Benefits. Servicer is responsible for all federal or state taxes applicable to compensation or payments paid to Servicer under this Agreement and, unless required by applicable law, Department shall not withhold from such compensation or payments any amount to cover Servicer's federal or state tax obligations. Servicer is not eligible for any social security, unemployment insurance or workers' compensation benefits from compensation or payments paid to Servicer under this Agreement, except as a self-employed individual.

2. Subcontracts. Servicer shall not enter into any subcontracts for any of the Services required by this Agreement without Department's prior written consent. In addition to any other provisions Department may require, Servicer shall include in any permitted subcontract under this Agreement provisions to ensure that Department will receive the benefit of subcontractor's performance as if the subcontractor were Servicer. Department's consent to any subcontract does not relieve Servicer of any of its duties or obligations under this Agreement.

3. Successors and Assigns. The provisions of this Agreement are binding upon and inure to the benefit of the parties to this Agreement, their respective successors, and permitted assigns, if any.

4. No Assignment. Servicer shall not assign or transfer any of its rights or delegate its obligations under this Agreement without Department's prior written consent.

5. Department Confidential Information. Servicer acknowledges that it and its employees, officers, directors, agents or subcontractors (collectively, "Contractor Staff") may, in the course of performing the Services under this Agreement, be exposed to or acquire information that is confidential to Department or Department's clients. Any and all information of any form (including but not limited to records, files, papers, materials, documents, and communications in written, verbal, oral and electronic form) that Servicer or any Contractor Staff may come into contact with or that is obtained by Servicer or Contractor Staff in the performance of this Agreement shall be considered for the purposes of this Agreement the confidential information of Servicer ("Confidential Information"). Servicer shall, and shall cause Contractor Staff to treat any reports or other documents or items (including software) that result from the use of the Confidential Information in the same manner as the Confidential Information. Confidential Information does not include information that (i) is or becomes (other than by disclosure by Servicer or Contractor Staff acquiring such information) publicly known or is contained in a publicly available document except to the extent applicable law still restricts disclosure; (ii) is furnished by Department to others without restrictions similar to those imposed by this Agreement; (iii) is rightfully in Servicer's possession without the obligation of nondisclosure prior to the time of its disclosure under this Agreement; (iv) is obtained from a source other than Department without the obligation of confidentiality, (v) is disclosed with the written consent of Department, or (vi) is independently developed by Servicer or Contractor Staff who can be shown to have had no access to the Confidential Information.

5.1. Non-Disclosure. Servicer shall hold, and shall cause Contractor Staff to hold, all Confidential Information in confidence, using the highest standard of care applicable, and shall not copy, reproduce, sell, assign, license, market, transfer, distribute, or otherwise dispose of, give, make available or disclose, in whole or in part, directly or indirectly, Confidential Information to third parties (other than its authorized subcontractors), or use Confidential Information for any purposes whatsoever other than the provision of Services to Department hereunder, and shall advise Contractor Staff of their obligations to keep Confidential Information confidential. Servicer shall assist Department in identifying and preventing any unauthorized use or disclosure of any Confidential Information. Without limiting the generality of the foregoing, Servicer shall advise Department immediately in the event Servicer learns or has reason to believe that any person who has had access to Confidential Information has violated or intends to violate the terms of this Agreement, and Servicer shall at its expense cooperate with Department in seeking injunctive or other equitable relief in the name of Department or Servicer against any such person. Servicer shall not at any time during or after the term of this Agreement, except as directed by Department, disclose, directly or indirectly, any Confidential Information to any person, except in accordance with this Agreement. Upon expiration or termination of this Agreement or at Department's request, Servicer shall deliver to Department all documents, papers, and other matter in Servicer's possession that embody Confidential Information. Notwithstanding the foregoing and unless otherwise specified in this Agreement, Servicer may keep one copy of such Confidential Information necessary for quality assurance, audits and evidence of performance of the Services.

5.2. Confidentiality Policies. Servicer shall, upon Department's request, provide its policies and procedures for safeguarding Confidential Information to Department for Department's review and consent. Such policies must address information conveyed in oral, written, and electronic format and include procedures for how Servicer shall respond when a violation or possible violation occurs.

5.3. Injunctive Relief. Servicer acknowledges that breach of this Section 5, including disclosure of any Confidential Information, shall cause irreparable injury to Department that is inadequately compensable in damages. Accordingly, Servicer may seek and obtain injunctive relief against the breach or threatened breach of the foregoing undertakings, in addition to any other legal remedies that may be available. Servicer acknowledges and agrees that the covenants contained herein are necessary for the protection of the legitimate business interests of Department and are reasonable in scope and content.

5.4. Publicity. Servicer agrees that it shall not disclose the form, content or existence of this Agreement or any Services in any advertising, press releases or other materials distributed to prospective customers, or otherwise attempt to obtain publicity from its association with Department or the State of Oregon, whether or not such disclosure, publicity or association implies an endorsement by Department or the state of Oregon of Servicer's services, without the prior written consent of Department; provided that Servicer may disclose the existence of this Agreement with the Department in connection with any request for proposal by a state or local housing finance agency.

5.5. Criminal Background Check. Servicer shall verify that Servicer, employees, agents, and subcontractors providing Services under this Agreement have not been convicted for a felony or misdemeanor of any of the following crimes: involving theft or fraud, involving dishonesty or breach of trust, including money laundering, financial or information technology related offenses, or any other offense bearing a substantial relation to the qualifications, functions or duties of an employee responsible to work on Services under this Agreement. Such background check must occur prior to performance of Services under this Agreement. Servicer shall establish verification by applying for and receiving a criminal history check, for each applicable individual, from a Law Enforcement Agency. Background checks shall be performed at Servicer's expense.

Servicer shall determine after receiving the criminal history check, whether the individual has listed convictions, and whether these convictions pose a risk to working on this Agreement. If Servicer notes a conviction from any of the above listed crimes on the individual's record, and Servicer chooses to hire or allow the individual to work on this Agreement, Servicer shall confirm in writing, the reasons for hiring the individual, and submit the information to Department for approval. These reasons shall address how the individual is presently suitable or able to work on this Agreement in a trustworthy manner. Servicer shall maintain this information, along with the individual's criminal history check.

Department in its sole discretion has the right to reject any Servicer, employee, agent, or subcontractor, or limit any such person's access to providing Services under this Agreement based on the results of the background check.

5.6 Consumer Identity Protection. In the performance of this Agreement, Servicer may have possession or access to documents, records or items that contain “Personal Information,” as that term is used in ORS 646A.602(12). Personal Information is a type of Confidential Information that is highly sensitive and subject to additional protection. Prior to the receipt of, and during the period in which Servicer has possession of or access to, any Personal Information, Servicer shall have and maintain a formal written information security program that provides safeguards to protect Personal Information from loss, theft, and disclosure to unauthorized persons, consistent with the Oregon Consumer Information Protection Act, ORS 646A.600-646A.628 (OCIPA). As between Department and HTS, HTS is the covered entity for purposes of OCIPA.

Servicer shall not breach or permit breach of the security of any Personal Information that is contained in any document, record, compilation of information or other item to which Servicer receives access, possession, custody or control under this Agreement. Servicer shall not disclose, or otherwise permit access of any nature, to any unauthorized person, of any such Personal Information. Servicer shall not use, distribute or dispose of any Personal Information other than expressly permitted by Department, required by applicable law, or required by an order of a tribunal having competent jurisdiction.

Servicer shall promptly report to Department any breach of security, use, disclosure, theft, loss, or other unauthorized access of any document, record, compilation of information or other item that contains Personal Information which Servicer owns, licenses, maintains, stores, manages, collects, processes, acquires or otherwise possesses in the performance of this Agreement. Servicer shall require the compliance of its employees, agents, and subcontractors with this Section 5.

5.7. Prohibition on Data Mining. Servicer shall not capture, maintain, scan, index, share or use any Personal Information or Department Confidential Information stored or transmitted under this Agreement, or otherwise use any data-mining technology, for any non-authorized activity, and shall not permit its agents or subcontractors to do so. For purposes of this requirement, “non-authorized activity” means data mining or processing of data, stored or transmitted as part of the Services, for unrelated commercial purposes, advertising or advertising-related purposes, or for any other purpose other than security analysis that is not explicitly authorized in this Agreement.

6. Venue and Jurisdiction. Any claim, action, suit or proceeding between Servicer (or any other agency or department of the state of Oregon) and Servicer that arises from or relates to this Agreement must be brought and conducted solely and exclusively within the Circuit Court of Marion County for the State of Oregon. SERVICER, BY EXECUTION OF THIS AGREEMENT, HEREBY CONSENTS TO THE IN PERSONAM JURISDICTION OF SAID COURTS. In no event may this section be construed as (i) a waiver by the state of Oregon of any form of defense or immunity, whether it is sovereign immunity, governmental immunity, immunity based on the Eleventh Amendment to the Constitution of the United States or otherwise, from any claim, action, suit or proceeding, or (ii) consent by the state of Oregon to the jurisdiction of any court.

7. Indemnity by Servicer.

7.1. Claims. Servicer shall defend (consistent with ORS chapter 180), save, hold harmless, and indemnify the state of Oregon and Department and their officers, employees and agents from and against all third party claims, suits, actions, losses, damages, liabilities, costs (including attorneys' fees) and expenses (collectively, "Claims") of any nature whatsoever resulting from, arising out of, or relating to the activities of Servicer or its officers, employees, subcontractors, or agents under this Agreement, including but not limited to, unauthorized disclosure of Confidential Information, professional malfeasance, infringement of intellectual property rights, intentional, willful, or wanton wrongful acts, and acts outside the scope of Services set forth in this Agreement.

7.2. Legal Counsel. If Servicer is required to defend the State of Oregon or Department or their officers, employees or agents under Section 7.1, then Servicer shall select legal counsel reasonably acceptable to the Oregon Attorney General to act in the name of, or represent the interests of, the state of Oregon, Department or their officers, employees and agents. Such legal counsel must accept appointment as a special assistant attorney general under ORS chapter 180 before such action or representation. Further, the state of Oregon, acting by and through its Department of Justice, may assume its own defense, including that of its officers, employees and agents, at any time when in the state of Oregon's sole discretion it determines that (i) proposed counsel is prohibited from the particular representation contemplated; (ii) counsel is not adequately defending the interests of the state of Oregon or its officers, employees and agents; (iii) important governmental interests are at stake; or (iv) the best interests of the state of Oregon are served thereby. Servicer's obligation to pay for all costs and expenses includes those incurred by the state of Oregon in assuming its own defense or that of its officers, employees, and agents under (i) and (ii) above.

7.3. Damages to State Property and Employees. Servicer is liable for all Claims for personal injury, including death, damage to real property and damage to tangible and intangible personal property of the state of Oregon or any of its employees, subcontractors or agents resulting from, arising out of, or relating to the intentional, reckless or negligent acts or omissions of Servicer or its officers, employees, subcontractors, or agents under this Agreement.

7.4. SERVICER IS NOT AUTHORIZED TO SETTLE OR COMPROMISE ANY CLAIM REFERENCED IN THIS SECTION WITHOUT THE EXPRESS WRITTEN CONSENT OF DEPARTMENT.

8. Records Maintenance and Access. Servicer shall maintain all financial records and other records relating to its performance under this Agreement in accordance with generally accepted accounting principles (if applicable) and in such a manner as to clearly document Servicer's performance. Servicer acknowledges and agrees that Department, and the Oregon Secretary of State, and their duly authorized representatives shall have reasonable access, at their own cost and expense and only following reasonable notice to Servicer, to such records, in electronic form, and to related systems and tools (including hardware and software), to perform examinations and audits and

make excerpts and transcripts. Servicer shall retain and keep accessible all such records for a minimum of six (6) years, or such longer period as may be required by Ginnie Mae, Fannie Mae, Freddie Mac, or applicable law, following termination of this Agreement, or until the conclusion of any audit, controversy, or litigation arising out of or related to this Agreement, whichever date is later. In the event that this Agreement is terminated, in whole or part, by either Party, the Department shall have the option to request the files, in a format acceptable to the Department, and the Administrator shall transfer them to the Department at the Department's expense. Any electronic files or records transmitted to the Department pursuant to this section shall be in a format acceptable to the department such as MS SQL or other widely-used format at the time of transmission.

8.1. Sanitization. Servicer shall not destroy Department information without Department's written authorization. Upon Department's written consent, Servicer may purge or destroy retained Department information in all its forms (including copies of returned data) in accordance with the most current version of NIST SP 800-88 (or other agreed-upon standard) and provide Department with written certification of sanitization.

9. Funds Available and Authorized. Servicer shall not be compensated for Services performed under this Agreement by Department or any other agency or department of the state of Oregon. Department believes it has sufficient funds currently available and authorized for expenditure to finance the costs of this Agreement within Department's biennial appropriation or limitation. Servicer understands and agrees that Department's payments under this Agreement are contingent on Department receiving appropriations, limitations, or other expenditure authority sufficient to allow Department, in the exercise of its reasonable administrative discretion, to continue to make any payments under this Agreement.

10. Work Product; Intellectual Property. Except for Confidential Information or data provided or generated by the Department, or as otherwise specified in this Agreement, as between the Parties, Servicer owns all work product authored, invented or generated by Servicer employees or agents in the performance of this Agreement and any improvements made to Servicer's existing software, system or technology.

10.1 Department Confidential Information is Department intellectual property. Department hereby grants Servicer a revocable, non-exclusive, royalty-free, world-wide license to use, copy, display, distribute, transmit and prepare derivative works of Department intellectual property only to fulfill the purposes of this Agreement. Department's license to Servicer is limited by the confidentiality and security obligations of this Agreement.

10.2 Unless otherwise specified in this Agreement that Department will, acquire and obtain a license to third party intellectual property, Servicer shall secure on Department's behalf, appropriate rights to third party intellectual property necessary for Department to access and receive the benefit of the Services described in this Agreement.

11. Compliance with Law Generally. Servicer shall comply with all federal, state and local laws, regulations, executive orders and ordinances applicable to Servicer and the Agreement. Without limiting the generality of the foregoing, Servicer expressly agrees to comply with the following laws, regulations and executive orders to the extent they are applicable to the Agreement: (i) Titles VI and VII of the Civil Rights Act of 1964, as amended; (ii) Sections 503 and 504 of the Rehabilitation Act of 1973, as amended; (iii) the Americans with Disabilities Act of 1990, as amended; (iv) Executive Order 11246, as amended; (v) the Health Insurance Portability and Accountability Act of 1996, as amended by the American Recovery and Reinvestment Act of 2009 (ARRA); (vi) the Age Discrimination in Employment Act of 1967, as amended, and the Age Discrimination Act of 1975, as amended; (vii) the Vietnam Era Veterans' Readjustment Assistance Act of 1974, as amended; (viii) ORS Chapter 659, as amended; (ix) all regulations and administrative rules established pursuant to the foregoing laws; and (x) all other applicable requirements of federal and state civil rights and rehabilitation statutes, rules and regulations. These laws, regulations and executive orders are incorporated by reference herein to the extent that they are applicable to the Agreement and required by law to be so incorporated.

12. Oregon False Claims Act. Servicer acknowledges the Oregon False Claims Act, ORS 180.750 to 180.785, applies to any action by Servicer pertaining to this Agreement, including the procurement process relating to this Agreement, which constitutes a "claim" (as defined by ORS 180.750(1)). By its execution of this Agreement, Servicer certifies the truthfulness, completeness, and accuracy of any statement or claim it has made, it makes, it may make, or causes to be made that pertains to this Agreement. In addition to other penalties that may be applicable, Servicer further acknowledges that if it makes, or causes to be made, a false claim or performs a prohibited act under the Oregon False Claims Act, the Oregon Attorney General may enforce the liabilities and penalties provided by the Oregon False Claims Act against Servicer. Servicer understands and agrees that any remedy that may be available under the Oregon False Claims Act is in addition to any other remedy available to the State or Department under this Agreement or any other provision of law.

13. Force Majeure. Neither Department or Servicer shall be liable to the other for any failure or delay of performance of any obligations hereunder when such failure or delay is wholly or principally caused by acts or events beyond its reasonable control, including without limitation acts of God, acts of civil or military authority, fires, floods, earthquakes or other natural disasters, war, riots or strikes. Both parties will however make all reasonable efforts to remove or eliminate such a cause of delay or default and upon the cessation of the cause diligently pursue performance of their respective obligations

under this Agreement. This provision does not excuse Servicer performance of its Disaster Recovery or Business Continuity obligations.

14. Servicer Certifications. Servicer certifies that the information provided on the attached Exhibit 5, Independent Contractor Certification, is true and correct as of the Effective Date; and Servicer certifies that Servicer and Servicer's employees, agents, and subcontractors are not included on the list titled "Specially Designated Nationals and Blocked Persons" maintained by the Office of Foreign Assets Control of the United States Department of the Treasury and currently found at <https://www.treasury.gov/ofac/downloads/sdnlist.pdf>.

15. Insurance. Servicer shall maintain insurance as set forth in Exhibit 2.

16. IT Special Terms and Conditions. Servicer shall comply with the requirements in Exhibit 3, IT Special Terms and Conditions.

17. RFP Scope of Services Described in Exhibit 4. Servicer shall perform the Services described in Exhibit 4, Scope of Services from RFP #914-4695-21, in addition to all other Services outlined in this Agreement.

EXHIBIT 2

Required Insurance

INSURANCE REQUIREMENTS:

Servicer shall obtain at Servicer's expense the insurance specified in this Exhibit 2 prior to performing under this Agreement and shall maintain it in full force and at its own expense throughout the duration of this Agreement, as required by any extended reporting period or tail coverage requirements, and all warranty periods that apply. Servicer shall obtain the following insurance from insurance companies or entities that are authorized to transact the business of insurance and issue coverage in the state of Oregon and that are acceptable to Department. Coverage shall be primary and non-contributory with any other insurance and self-insurance, with the exception of Professional Liability and Workers' Compensation. Servicer shall pay for all deductibles, self-insured retention and self-insurance, if any.

WORKERS' COMPENSATION & EMPLOYERS' LIABILITY

All employers, including Servicer, that employ subject workers, as defined in ORS 656.027, shall comply with ORS 656.017 and provide workers' compensation insurance coverage for those workers, unless they meet the requirement for an exemption under ORS 656.126(2). Servicer shall require and ensure that each of its subcontractors complies with these requirements. If Servicer is a subject employer, as defined in ORS 656.023, Servicer shall also obtain employers' liability insurance coverage with limits not less than \$500,000 each accident. If Servicer is an employer subject to any other state's workers' compensation law, Servicer shall provide workers' compensation insurance coverage for its employees as required by applicable workers' compensation laws including employers' liability insurance coverage with limits not less than \$500,000 and shall require and ensure that each of its out-of-state subcontractors complies with these requirements.

COMMERCIAL GENERAL LIABILITY:

Required

Commercial General Liability Insurance covering bodily injury and property damage in a form and with coverage that are satisfactory to the State. This insurance shall include personal and advertising injury liability, products and completed operations, contractual liability coverage for the indemnity provided under this contract, and have no limitation of coverage to designated premises, project or operation. Coverage shall be written on an occurrence basis in an amount of not less than \$2,000,000 per occurrence. Annual aggregate limit shall not be less than \$4,000,000.

AUTOMOBILE LIABILITY INSURANCE:

Required **Not required**

Automobile Liability Insurance covering Servicer's business use including coverage for all owned, non-owned, or hired vehicles with a combined single limit of not less than \$1,000,000

for bodily injury and property damage. This coverage may be written in combination with the Commercial General Liability Insurance (with separate limits for Commercial General Liability and Automobile Liability). Use of personal automobile liability insurance coverage may be acceptable if evidence that the policy includes a business use endorsement is provided.

PROFESSIONAL LIABILITY:

Required **Not required**

Professional Liability insurance covering any damages caused by an error, omission or any negligent acts related to the services to be provided under this Agreement by the Servicer and Servicer's subcontractors, agents, officers or employees in an amount not less than \$10,000,000 per claim. Annual aggregate limit shall not be less than \$10,000,000. If coverage is on a claims made basis, then either an extended reporting period of not less than 24 months shall be included in the Professional Liability insurance coverage, or the Servicer shall provide Tail Coverage as stated below.

NETWORK SECURITY AND PRIVACY LIABILITY:

Required **Not required**

Servicer shall provide network security and privacy liability insurance for the duration of the Agreement and for the period of time in which Servicer (or its Business Associates or subcontractor(s)) maintains, possesses, stores or has access to Agency or client data, whichever is longer, with a combined single limit of no less than \$1,000,000 per claim or incident. This insurance shall include coverage for third party claims and for losses, thefts, unauthorized disclosures, access or use of Department or client data (which may include, but is not limited to, Personally Identifiable Information ("PII"), Payment Card Data and Protected Health Information ("PHI")) in any format, including coverage for accidental loss, theft, unauthorized disclosure access or use of Department data.

EXCESS/UMBRELLA INSURANCE:

A combination of primary and excess/umbrella insurance may be used to meet the required limits of insurance.

ADDITIONAL INSURED:

All liability insurance, except for Workers' Compensation, Professional Liability, and Network Security and Privacy Liability (if applicable), required under this Agreement must include an additional insured endorsement specifying the state of Oregon, its officers, employees and agents as Additional Insureds, including additional insured status with respect to liability arising out of ongoing operations and completed operations, but only with respect to Servicer's activities to be performed under this Agreement. Coverage shall be primary and non-contributory with any other insurance and self-insurance. The Additional Insured endorsement with respect to liability arising out of your ongoing operations must be on ISO Form CG 20 10 07 04 or equivalent and the Additional Insured endorsement with respect to completed operations must be on ISO form CG 20 37 07 04 or equivalent.

WAIVER OF SUBROGATION:

Servicer shall waive rights of subrogation which Servicer or any insurer of Servicer may acquire against the Department or state of Oregon by virtue of the payment of any loss. Servicer will obtain any endorsement that may be necessary to affect this waiver of subrogation, but this provision applies regardless of whether or not the Department has received a waiver of subrogation endorsement from the Servicer or the Servicer's insurer(s).

TAIL COVERAGE:

If any of the required insurance is on a claims made basis and does not include an extended reporting period of at least 24 months, Servicer shall maintain either tail coverage or continuous claims made liability coverage, provided the effective date of the continuous claims made coverage is on or before the Effective Date, for a minimum of 24 months following the later of (i) Servicer's completion and Department's acceptance of all Services required under this Agreement, or, (ii) Department or Servicer termination of this Agreement, or, (iii) The expiration of all warranty periods provided under this Agreement.

CERTIFICATE(S) AND PROOF OF INSURANCE:

Servicer shall provide to Department Certificate(s) of Insurance for all required insurance before delivering any Goods and performing any Services required under this Agreement. The Certificate(s) shall list the state of Oregon, its officers, employees and agents as a Certificate holder and as an endorsed Additional Insured. The Certificate(s) shall also include all required endorsements or copies of the applicable policy language effecting coverage required by this Agreement. If excess/umbrella insurance is used to meet the minimum insurance requirement, the Certificate of Insurance must include a list of all policies that fall under the excess/umbrella insurance. As proof of insurance Department has the right to request copies of insurance policies and endorsements relating to the insurance requirements in this Agreement.

NOTICE OF CHANGE OR CANCELLATION:

The Servicer or its insurer must provide at least 30 days' written notice to Department before cancellation of, material change to, potential exhaustion of aggregate limits of, or non-renewal of the required insurance coverage(s).

INSURANCE REQUIREMENT REVIEW:

Servicer agrees to periodic review of insurance requirements by Department under this Agreement and to provide updated requirements as mutually agreed upon by Servicer and Department.

STATE ACCEPTANCE:

All insurance providers are subject to Department acceptance. If requested by Department, Servicer shall provide complete copies of insurance policies, endorsements, self-insurance documents and related insurance documents to Department's representatives responsible for verification of the insurance coverages required under this Exhibit 2.

DIRECTORS, OFFICERS AND ORGANIZATION LIABILITY:

Required **Not required**

Directors, Officers and Organization insurance covering the Servicer's Organization, Directors, Officers, and Trustees actual or alleged errors, omissions, negligent, or wrongful acts, including improper governance, employment practices and financial oversight - including improper oversight and/or use of use of funds and donor contributions which includes state or federal funds - with a combined single limit of no less than \$5,000,000 per claim.

CRIME PROTECTION COVERAGE: EMPLOYEE DISHONESTY or FIDELITY BOND

Required **Not required**

Third party Employee Dishonesty or Fidelity Bond coverages for loss of state-owned property by dishonest acts of an employee of the Servicer. Coverage limits shall not be less than \$5,000,000.

EXHIBIT 3

IT Special Terms and Conditions

1. **Breach Notification.** In the event Servicer or its subcontractors or agents discovers or is notified of a breach or potential breach of security relating to Confidential Information (as defined in Exhibit 1), including a failure to comply with Servicer's confidentiality obligations under this Agreement, Servicer shall immediately notify Department's Authorized Representative of the breach or potential breach. If Department determines that the breach or potential breach requires notification of Department clients or employees, or other notification required by law, Department shall have sole control over the notification content, timing, and method, subject to Servicer's obligations under applicable law.

2. **Transition Services.** Servicer shall provide transition services to support a responsible and secure transition of Services and Department data to another service provider or to Department ("Transition Services").
 - i. Upon receipt of a notice prior to expiration that Department shall engage Servicer's Transition Services, or receipt of notice of termination and notwithstanding the reason for termination (whether for cause or without cause and whether by Servicer or Department, and whether for all or some Services), Servicer shall continue to provide Services and shall provide Transition Services as described in the Transition Plan (defined below) for the period set in the notice and in the subsequent Transition Plan (the "Transition Period"), on the following conditions:
 1. Department is up-to-date with its undisputed payment obligations at the commencement of the Transition Period, and
 2. Department pays all undisputed invoices during the Transition Period.
 - ii. If during the Transition Period Servicer believes Department is not in compliance with the foregoing conditions, Servicer shall give Department written notice of such noncompliance and Department shall have fifteen (15) Business Days, or such longer period to which the parties may agree, to correct the noncompliance before Servicer may end the Transition Period and move to the Wind-Down Phase described below.
 - iii. Following receipt of the notice of termination (whether or not Servicer or Department initiated the termination), Servicer shall not, without Department's prior written consent, which shall not be unreasonably withheld, transfer, reassign, or otherwise redeploy any of Servicer's personnel from providing Services under this Agreement.
 - iv. Transition Plan. Servicer and Department shall outline a Transition Plan, which may be requested pursuant to a notice of termination or in anticipation of the Agreement terminating in accordance with its terms. Servicer shall deliver a detailed Transition Plan within fourteen (14) Calendar Days of Department's written request, or otherwise within a timeframe agreed upon by the parties, for Department's review. The Transition Plan shall not be effective until it is approved by the Oregon Department of Justice ("DOJ"), as required. This plan shall determine the nature and

extent of Servicer's Transition Services obligations and detail the transfer of Services, but must not reduce Servicer's obligation under this Agreement to provide all Services necessary for Transition. The Transition Period shall commence on the start date set in the DOJ-approved Transition Plan, as required; provided, however, if Servicer does not deliver an acceptable Transition Plan on or before the Agreement termination date, then the parties shall abide by a draft of the plan promulgated by Department until the Transition Plan is approved by DOJ, as required. The Transition Plan must address at least:

1. The respective Services to be completed by each party under the Transition Plan,
 2. A schedule pursuant to which Services shall be completed, and
 3. A schedule identifying which party is responsible for paying the cost (if any) related to each Service.
- v. The parties shall cooperate in good faith with each other in connection with their obligations under this Section and shall perform their obligations under the DOJ-approved Transition Plan. If the Transition Period extends beyond the Agreement term, the provisions of this Agreement shall remain in effect for the duration of the Transition Period.
- vi. Servicer shall complete the transition of Services from Servicer and its subcontractors to Department and to any providers that Department designates, without causing any unnecessary interruption of or adverse impact on the Services.
- vii. Without limiting the generality of the aforementioned obligations, Servicer shall:
1. Cooperate with Department and any Department-designated provider by promptly taking all steps required to assist Department in completing the Transition Plan.
 2. Provide Department and any Department-designated provider with all information regarding the Services that these parties shall need to complete the Transition Period.
 3. Promptly and orderly conclude all Services as Department may direct.
- viii. Wind-Down. Upon the later of (i) the termination of this Agreement or (ii) termination of the Transition Period, Servicer shall cease to perform Services, and Department will pay Servicer all amounts payable to Servicer for Services delivered, and pre-approved expenses incurred through the end of the Agreement or Transition Period; provided, however, when such termination is due to the breach or bankruptcy of Servicer, Department shall not be required to pay any amounts claimed by Servicer to be due until Department determines what, if any, setoffs are required and the remedies owed to Department are either agreed upon by Servicer through a settlement or ordered by a court of competent authority.

3. Statewide Information Security Standards. Any System storing data on behalf of the Department must meet, in all material aspects, the minimum security standards required by the

State of Oregon, Statewide Information Security Standards dated June 24th 2019 (Appendix A), which may be amended from time to time.

4. **System Security Plan.** Servicer shall work with the Department to complete a System Security Plan that is at least in material compliance with the [Statewide Information Security Plan: https://www.oregon.gov/das/OSCIO/Documents/StatewideInformationSecurityPlan.pdf](https://www.oregon.gov/das/OSCIO/Documents/StatewideInformationSecurityPlan.pdf) dated August 1, 2018, which may be amended from time to time. A template of a System Security Plan is attached as Appendix D, which shall be used in the development process. The final System Security Plan shall be developed and finalized by Servicer, and approved by the Department, within the first 6-12 months post Agreement execution.
5. **Statewide IT and Information Security Policies.** Servicer shall comply, in all material respects, with the applicable requirements set forth in DAS Oregon Statewide IT and Information Security Policies, found at <https://www.oregon.gov/das/OSCIO/Documents/2019StatewideInformationAndCyberSecurityStandardsV1.0.pdf>, as those policies are amended from time to time.
6. **Audit.** Servicer shall ensure it and its subservice organizations undergo annual examination from an independent auditor to assess compliance with SOC 2, Type II audit controls (or equivalent authorized by Department). Servicer shall provide an exact copy of the most recent examination results report to Department upon request.
7. **Emergency Protocols.** Servicer shall maintain an emergency protocol for disaster recovery and data breach acceptable to Department's IT standards, and shall provide copies of these protocols to the Department on an annual basis or as amended.
8. **Data Flow Diagram.** Servicer shall maintain an approved architecture of the System's structure, and shall notify the Department of any changes that affect the Data Flow Diagram below or System's operation and security measures for this Agreement.

Data Flow Diagram

(insert Servicer's Department-approved Data Flow Diagram)

EXHIBIT 4

Scope of Services

RFP #914-4695-21

(Placeholder for RFP Scope of Services)

EXHIBIT 5

Independent Contractor Certification

Independent Contractor Certification

Servicer certifies it meets the following standards:

1. Servicer has filed federal and state income tax returns in the name of Servicer for the previous year, or expects to file federal and state income tax returns, for labor or services performed as an independent contractor for the previous year.
2. Servicer shall furnish the tools or equipment necessary for the contracted labor or services.
3. Servicer has the authority to hire and fire employees who perform the labor or services.
4. Servicer represents to the public that the labor or services are to be provided by its independently established business as four (4) or more of the following circumstances exist. (Please check four or more of the following):

A. The labor or services are primarily carried out at one or more locations that is separate from a personal residence or is primarily carried out in a specific portion of such a residence, which is set aside as the location of the business.

B. Commercial advertising or business cards are purchased for the business.

C. Telephone listings used for the business are separate from personal residence listings.

D. Labor or services are performed only pursuant to written contracts.

E. Labor or services are performed for two or more different persons within a period of one year.

F. Servicer assumes financial responsibility for defective workmanship or for service not provided as evidenced by the ownership of performance bonds, warranties, errors and omission insurance or liability insurance relating to the labor or services to be provided.

[Servicer's Name]

By: _____

Date: _____

Name:

Title:

APPENDIX A

SETTLEMENT AND DELIVERY INSTRUCTIONS

**FOR MBS UNDER OREGON HOUSING AND COMMUNITY SERVICES DEPARTMENT
(EFFECTIVE [Enter Date Here])**

Oregon Housing and Community Services Department (the “Department”), Hilltop Securities Inc. (“Hilltop”), and [TBD] (the “Servicer”), mutually agree to these Settlement and Delivery Instructions (hereinafter “Instructions”), including the provisions set forth on Exhibit A hereto, relating to the settlement and delivery of Ginnie Mae, Fannie Mae and Freddie Mac mortgage-backed securities (“MBS”) under the Department’s Program. These Instructions are effective for MBS settlements occurring on and after [Enter Date Here].

Under these Instructions, MBS trades will be settled directly between the Servicer and Hilltop for the sake of convenience; accordingly, the provisions of the Program Administration and Servicing Agreement dated as of [Enter Date Here] (between the Department and the Servicer) relating to the purchase of MBS by the Department from the Servicer, and the provisions of the Master Trade Agreement dated March 10, 2020, as amended (between the Department and Hilltop) relating to the purchase of the MBS by Hilltop from the Department, will continue to apply, and Hilltop’s transfer of funds to the Servicer for the purchase of the MBS shall be deemed to have been accepted by the Servicer on behalf of the Department, and the Servicer’s delivery of MBS to the Purchaser shall be deemed to have been delivered by the Servicer on behalf of the Department.

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

**OREGON HOUSING AND COMMUNITY
SERVICES DEPARTMENT**

By: _____
Name: Margaret Salazar or delegate
Title: Director

[SERVICER TBD]

By: _____
Name:
Title:

HILLTOP SECURITIES INC.

By: _____
Name: Michael J. Marz
Title: Vice Chairman

EXHIBIT A

A. NOTICE OF IMPENDING DELIVERY OF MORTGAGE-BACKED SECURITIES

[TBD] (the “Servicer”) shall provide notice of delivery of each mortgage-backed security (including GNMA, Fannie Mae and Freddie Mac mortgage-backed securities) (“MBS”) by email, to the following representatives of the Servicer, Oregon Housing and Community Services Department (the “Department”) and Hilltop Securities Inc. (“Hilltop”):

Emese Perfecto (Emese.Perfecto@oregon.gov)
Kim Freeman (Kim.A.Freeman@oregon.gov)
Scott Shaw (Scott.Shaw@oregon.gov)
Christofer Knight (Christofer.Knight@oregon.gov)

[Enter Hilltop Team Emails Here]

[Enter Master Servicer Contacts and Emails Here]

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

Prior to the purchase and delivery of each MBS, Hilltop will provide to the Department and the Servicer by email the detailed terms of each MBS settlement and delivery, including the computation of the settlement amounts and the date of delivery of the MBS. Prior to the designated settlement date, the parties will agree, by email, to the terms of the settlement instructions, including any changes to the original instructions circulated by Hilltop.

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

Confirmations
[Enter Recipient Bank Info. Here] [Enter Recipient Bank Address Here] Attn: [Enter Recipient Bank Dept. Info. Here]

LOCATION / INSTRUCTIONS
Fed
BK of NYC/Hilltop ABA #021xxxxxx [Enter Recipient Bank Name Here] Account # xxxxxx Attn: [TBD] - Custodial Account
DTC
Participant #xxxx Agent Bank ID #xxxxx Institutional ID #xxxxx [Enter Recipient Bank Here] Account # xxxxxxxx Attn: [TBD] - Custodial Account

C. DELIVERY OF MBS BY THE SERVICER (ON BEHALF OF DEPARTMENT) TO HILLTOP (DVP)

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

ABA# 021xxxxxx
BK OF NYC/HILLTOP
Account Name: Hilltop Securities Inc.

D. TRANSFER BY HILLTOP TO DEPARTMENT

Hilltop will deliver the amount equal to the difference between (i) the Purchase Price of the MBS (as defined under in Section 6 of the Master Trade Confirmation (Agreement #5150) dated March 10, 2020, as amended, between the Department and Hilltop) and (ii) the purchase price paid by Hilltop to Servicer under B. above, such amount to be paid pursuant to the following instructions:

TBD
Account Name: Oregon Housing & Community Services Department
ABA Routing #: XXXXXXXXXX
Account Number: XXXXXXXXXXXXX
Address: TBD

APPENDIX B

Relative to Par Servicing Grid

(Template – to be replaced with Proposer’s approved-schedule)

	Net Servicing Fee:	Servicing Release Fee:	Pass Through Fee:
Ginnie Mae:	0.190%	_____%	_____%
	0.315%	_____%	_____%
	0.440%	_____%	_____%
	0.565%	_____%	_____%
	0.690%	_____%	_____%
Fannie Mae:	0.250%	_____%	_____%
Freddie Mac:	0.250%	_____%	_____%

Excess Servicing: _____%

APPENDIX C

Statewide Information Security Standards dated June 24, 2019

[See following pages]

(Placeholder to insert from RFP – Appendix A)

APPENDIX D

System Security Plan Template dated August 1, 2018

[See following pages]

[Placeholder to insert from RFP – Appendix B]