



# *Single Family Lending Program Bulletin*

**October 22, 2018**

**Program Bulletin #2018-18**

**To: CalHFA Approved Lenders**

## **New Mortgage Purchase Master Agreement**

With the help of our lender partners, CalHFA has prepared a new Mortgage Purchase Master Agreement (MPMA) to replace the current Mortgage Purchase & Servicing Agreement (MP&SA). This MPMA reflects how CalHFA conducts its origination and purchase process today.

All lenders are required to execute this new MPMA by December 31, 2018. Lenders failing to submit a new executed MPMA by the end of 2018 will be subject to suspension of originating CalHFA loans.

Attached is the new MPMA, which can also be found on CalHFA's website.

For questions about this bulletin, contact CalHFA Single Family Lending by phone 916.326.8033 or by email at [SFLending@calhfa.ca.gov](mailto:SFLending@calhfa.ca.gov). In addition, you can always visit CalHFA's website at [www.calhfa.ca.gov](http://www.calhfa.ca.gov) or Single Family Lending directly at [www.calhfa.ca.gov/homeownership](http://www.calhfa.ca.gov/homeownership).

CalHFA thanks you for your business and we look forward to continuing to support your affordable housing loan needs.

Attachment

**CALIFORNIA HOUSING FINANCE AGENCY  
SINGLE-FAMILY HOMEOWNERSHIP PROGRAM**

**MORTGAGE PURCHASE MASTER AGREEMENT**

**THIS MORTGAGE PURCHASE MASTER AGREEMENT** (this "Agreement") is entered into this \_\_\_\_\_ day of \_\_\_\_\_ (the "Effective Date") by and between the CALIFORNIA HOUSING FINANCE AGENCY, a public instrumentality and political subdivision of the State of California ("CalHFA") and \_\_\_\_\_, a California \_\_\_\_\_ ("Lender").

**RECITALS**

**WHEREAS**, under its statutory authority CalHFA creates certain loan products to be marketed and made by approved lenders to eligible low and moderate income borrowers for purposes of home ownership as more particularly described herein below;

**WHEREAS**, CalHFA administers its single-family homeownership programs whereby approved lenders finance the purchase of a home by borrowers and thereafter sell eligible first lien loans to CalHFA's Master Servicer (as defined below) and sell the corresponding eligible subordinate loans, if any, to CalHFA;

**WHEREAS**, Lender desires and has sought approval from CalHFA to become a CalHFA-approved mortgage lender so that it may make loans to borrowers using CalHFA's single-family homeownership programs and sell eligible loans to CalHFA or its Master Servicer, as applicable;

**WHEREAS**, Lender must also execute a separate mortgage purchase contract with CalHFA's Master Servicer, the purpose of which is to establish Lender as an approved seller of eligible loans with CalHFA's Master Servicer;

**WHEREAS**, CalHFA desires to authorize Lender to sell loans eligible under CalHFA's single-family homeownership programs as set forth in this Agreement; and

**WHEREAS**, this Agreement is intended to replace and supersede any previous Mortgage Purchase and Servicing Agreements and/or Mortgage Purchase Agreements executed between the parties. It is intended to apply to all loans originated by Lender (or its correspondent and transferred to Lender) for purchase by CalHFA or its Master Servicer from and after the Effective Date.

**NOW, THEREFORE**, in exchange for the mutual covenants, provisions, and considerations set forth in this Agreement, the receipt and sufficiency of such consideration is hereby acknowledged, and with every intention to be legally bound, CalHFA and Lender hereby agree as follows:

**ARTICLE I - DEFINITIONS**

The following capitalized terms shall have the meanings given them for purposes of this Agreement unless otherwise noted in this Agreement:

(a) "Borrower" means the person(s) who meet the income and all other eligibility guidelines for the applicable Program, as set forth in the Program Documents, who borrowed money pursuant to a Loan to finance a Home.

(b) "CalHFA" means the California Housing Finance Agency, a public instrumentality and a political subdivision of the State of California, created pursuant to Parts 1 through 4 of Division 31 of the California Health and Safety Code, whose primary purpose is to meet the housing needs of persons and families of low and moderate income.

(c) "CalHFA Programs" or "Programs" means any single-family homeownership program through which Loans to Borrowers may be purchased by CalHFA or its Master Servicer in accordance with this Agreement and as described in the Program Documents.

(d) "Closing" means, with respect to a Loan, the date financing for the Loan is provided by the Lender to the Borrower(s).

(e) "Co-Signer" means, with respect to a Loan, a person who is an obligor under the Note but who is not a mortgagor; i.e. a person who has executed the Note but who has not executed the Deed of Trust.

(f) "Deed of Trust" means a written instrument creating a lien on real property to provide security for the payment of a Loan.

(g) "Family Income" has the meaning defined in the Program Documents for each of CalHFA's Programs.

(h) "FDIC" means the Federal Deposit Insurance Corporation and any agency or instrumentality of the United States of America succeeding to the deposit insurance functions thereof.

(i) "FHA" means the Federal Housing Administration of the Department of Housing and Urban Development of the United States of America and any agency or instrumentality of the United States of America succeeding to the mortgage insurance functions thereof.

(j) "Fannie Mae" means the Federal National Mortgage Association and any agency or instrumentality of the United States of America succeeding to the secondary mortgage market functions thereof.

(k) "Freddie Mac" means the Federal Home Loan Mortgage Corporation and any agency or instrumentality of the United States of America succeeding to the secondary mortgage market functions thereof.

(l) "Ginnie Mae" means the Government National Mortgage Association and any agency or instrumentality of the United States of America succeeding to the secondary mortgage market functions thereof.

(m) "Home" means a primary residence and real property located in the State which is financed by a Loan and encumbered by a Deed of Trust. Other requirements are set forth in the Program Documents.

(n) "Income Limits" means the maximum income limits for Borrowers as set forth in the applicable Program Documents. Income Limits are subject to change and may be amended by CalHFA from time to time.

(o) "Lender" means, with respect to a Loan, the lending institution that has executed a Participating Lender Agreement and this Agreement.

(p) "Lender Manual" means the lender program manual published by CalHFA which, among other things, describes the CalHFA Programs, including Borrower, Home and Loan eligibility requirements and Loan origination and purchase procedures, as such Lender Manual may be amended from time to time.

(q) "Loan" means a loan of a specified sum of money made by a Lender to a Borrower to finance the acquisition of a Home, evidenced by a Note and secured by a Deed of Trust on a Home, and either offered for purchase to or purchased by (i) in the case of a first lien, CalHFA's Master Servicer pursuant to a Participating Lender Agreement or, (ii) in the case of a subordinate lien, CalHFA, respectively, in accordance with this Master Agreement and applicable Program Documents.

(r) "Loan Amount" means, with respect to a Loan, the original principal balance of the Loan (including any mortgage insurance premium or mortgage guaranty funding fee) set forth in the applicable Program Documents.

(s) "Loan Application" or "Application" means, with respect to a Loan, the mortgagor's final Loan application on Fannie Mae Form 1003, Freddie Mac Form 65 or the equivalent.

(t) "Master Servicer" means the entity or entities that CalHFA may contract with to facilitate the purchase of Loans as described more fully in the Program Documents.

(u) "Note" means a promissory note executed by a Borrower and Co-Signer (if applicable) evidencing such Borrower's obligation to repay a Loan and is secured by a Deed of Trust.

(v) "Notice of Commitment" means the written communication, through electronic means or otherwise, by which CalHFA issues a commitment to a Lender to purchase eligible subordinate lien Loans in accordance with this Agreement and the Program Documents.

(w) "Participating Lender Agreement" means, with respect to a first lien Loan, if applicable, the written agreement between CalHFA's Master Servicer and a Lender under the respective Program that sets forth the terms and conditions of the sale of first lien Loans from a Lender to CalHFA's Master Servicer.

(x) "Private Mortgage Insurance Policy" means a private mortgage insurance policy or policies, if any, or any replacement policy or policies, to be maintained for a Loan.

(y) "Private Mortgage Insurer" means a private insurance company that provides, or may have provided, a Private Mortgage Insurance Policy with respect to a Loan.

(z) "Privately Insured" means, with respect to a Loan, insured under an individual Private Mortgage Insurance Policy issued by a Private Mortgage Insurer in an amount required by CalHFA's Master Servicer.

(aa) "Program Bulletin" means a written announcement communicated to Lenders by CalHFA describing one or more changes to the Program Documents from time to time.

(bb) "Program Documents" means this Agreement, any Participating Lender Agreement, the Lender Manual, and all approved policies and procedures for the CalHFA Programs, including, as applicable for each Program, program handbooks, program bulletins, program summaries, development information forms, loan approvals and other agreements and documents pertaining to a Notice of Commitment. The Program Documents are incorporated herein by reference and may be amended by CalHFA from time to time and will become effective and binding without the execution of a separate, written amendment to this Agreement.

(cc) "Program Handbook" means, with respect to a Loan, a program handbook published and promulgated by CalHFA and identified as the program handbook under the terms of the applicable Notice of Commitment, as such program handbook may be amended from time to time.

(dd) "Repurchase" means Lender's obligation to buy back any Loan previously purchased by the Master Servicer pursuant to a Participating Lender Agreement or CalHFA pursuant to this Agreement and the applicable Program Documents, respectively. In the case of first liens, the repurchase price shall be as set forth in the Participating Lender Agreement. In the case of subordinate liens, the repurchase price shall be equal to the subject outstanding Loan balance, including principal and accrued interest, as of the date of the Repurchase unless otherwise specified herein or agreed to by the parties in writing.

(ee) "Sales Price" means the total contract sales price paid for a Home by a Borrower, as calculated in accordance with the terms and conditions of the applicable Notice of Commitment.

(ff) "Sales Price Limits" means the maximum Sales Price for a Home financed with a Loan as set forth in the Program Documents applicable to each of CalHFA's Programs. Sales Price Limits are subject to change and may be amended by CalHFA from time to time.

(gg) "State" means the State of California.

(hh) "USDA" means the United States Department of Agriculture.

(ii) "VA" means the Department of Veterans Affairs of the United States of America and any agency or instrumentality of the United States of America succeeding to the mortgage guarantee functions thereof.

## **ARTICLE II – LOAN ORIGINATION AND PURCHASE**

**Section 1. Issuance of Notice of Commitment.** CalHFA will issue a Notice of Commitment for a Loan to Lender on the terms and subject to the conditions set forth in this Agreement and the applicable Program Documents. In exchange for the receipt of a Notice of Commitment, Lender shall certify to CalHFA the eligibility of a Loan subject to the conditions contained in the Program Documents.

**Section 2. Lender's Duties and Obligations.** In exchange for its eligibility to make Loans for CalHFA's Programs and sell those Loans to CalHFA's Master Servicer or CalHFA, as applicable, Lender shall have the following duties and obligations with respect to its on-going participation in the Programs:

- (a) Comply with all requirements of the Program Documents as they are amended from time to time;
- (b) Provide information regarding CalHFA's Programs to potential borrowers;
- (c) Obtain all documents and information required to process Loans in order to obtain Notices of Commitment from CalHFA, including, but not limited to the documents described in the Program Documents;
- (d) Review and evaluate potential borrower's eligibility for the applicable CalHFA Program(s);
- (e) Perform such due diligence as is necessary to ensure and certify that potential borrowers have satisfied all requirements of the applicable CalHFA Program(s);
- (f) Comply with FHA, Fannie Mae, Freddie Mac, VA or USDA, respectively, underwriting guidelines in connection with each of the Programs;
- (g) Process applications for Loans in accordance with the Program Documents;
- (h) If at any time Lender learns or has reason to believe that something in the Borrower's Loan Application or file is factually incorrect or that may affect the Borrower's continued eligibility for the Program, Lender shall, pre-purchase, promptly cancel the Loan(s) or, post-purchase, promptly notify CalHFA;
- (i) Comply with all provisions of applicable state and federal regulatory laws, the Program Documents, and all other rules or regulations that apply to each of the Programs;
- (j) Repurchase all corresponding subordinate Loans that Lender sells to CalHFA in the event the first lien Loan is repurchased by the Lender or the Lender indemnifies the Master Servicer as a result of the first lien Loan not being in conformance with this Agreement, the Master Servicer's Participating Lender Agreement, FHA, Fannie Mae, Freddie Mac, VA or USDA, respectively, guidelines or fails to meet any requirement in the Program Documents;
- (k) Use reasonable efforts to market Loans, including cooperating with CalHFA in its efforts to advertise availability of Loans for Homes.

**Section 3. Eligible Borrowers and Property.** CalHFA will issue a Notice of Commitment only with respect to a Loan that meets the applicable Program requirements as defined and set forth in CalHFA's Program Documents, which include, among other things, the following requirements:

- (a) Income Limits. The Borrower's Family Income does not exceed the Income Limits as specified in the applicable Program Documents.
- (b) Owner Occupancy. Borrower shall intend to occupy the Home as their principle residence within sixty (60) days of Closing.
- (c) Acquisition of a Home. The Loan must be made to finance the acquisition of a Home.

(d) Sales Price Limits. The Sales Price of the Home does not exceed the Sales Price Limit.

(e) Loan Amount. The maximum principal amount of the Loan (exclusive of amounts loaned to finance mortgage insurance or guarantee fees) does not exceed the Sales Price of the Home.

**Section 4. Fees.** CalHFA, at its discretion, sets the allowable compensation for Loans originated under the Programs as defined in the applicable Program Documents. Lenders may charge reasonable and customary fees for processing, underwriting or closing the Loan; provided, however, that Lender may not charge any fee in connection with the Loan in excess of the fee that would be charged to a potential borrower applying for a similar mortgage loan (FHA, Fannie Mae, Freddie Mac, VA or USDA) not provided in connection with CalHFA's Program(s). Fees may also be restricted in the applicable Program Documents or by other federal requirements.

**Section 5. Payment of Costs and Expenses.** Lender shall pay all costs of preparing and furnishing to CalHFA all documents and information required by this Agreement and any and all other expenses incurred in connection with the transactions contemplated by this Agreement, including, without limitation, recording, filing and photocopying fees and attorney's fees. This **Section 5** shall not preclude Lender from charging Borrower the fees described in **Section 4** hereof.

**Section 6. Regulatory Requirements; Lender Participation.** In exchange for its participation in the Programs, Lender hereby further agrees as follows:

(a) Retention of Loan files. The Lender shall retain a complete copy of the Loan file for at least three (3) years and maintain compliance with regulatory and legal requirements regarding document and record retention. The Lender must provide CalHFA with a copy of its records upon request.

(b) Right to Audit. CalHFA and its agents shall have the right to examine and inspect the Lender's books and records relating to any Loan originated in connection with any of CalHFA's Programs, including but not limited to, Lender's quality assurance or quality control files created post-closing. Lender shall grant CalHFA and its agents access to such books and records during normal business hours upon CalHFA's two (2) week prior request. CalHFA shall make reasonable efforts to limit any such audit to no longer than two (2) weeks.

(c) Training; Right to Suspend. Lender shall maintain qualified staff with demonstrated ability and experience in mortgage loan origination, processing, underwriting, closing and post-closing functions. Lender shall at all times conduct its business utilizing customary business practices and standards employed by lenders in the mortgage industry and shall employ and maintain qualified personnel to receive, process and administer applications for Loans under CalHFA Program(s) and to carry out its obligations arising under this Agreement. CalHFA may, in its discretion, suspend Lender's ability to make and sell Loans under this Agreement and require training of Lender, at Lender's costs, or other action prior to CalHFA's consent to restore Lender's ability to make and sell Loans under this Agreement.

(d) Financial Review. Lender shall submit to CalHFA a financial summary of Lender for the past three (3) years acceptable to CalHFA. Lender shall submit to CalHFA, upon request, such other financial statements, call reports (if applicable), and financial reports filed with Fannie Mae, Freddie Mac

or Ginnie Mae (unless otherwise prohibited by applicable guideline, respectively), as CalHFA may require from time to time.

(e) Consumer Complaint Tracking. Lender shall be responsible for reviewing and reporting all consumer complaints received in accordance with applicable regulatory requirements, including those set forth by the Dodd-Frank Wall Street Reform and Consumer Protection Act and the Bureau of Consumer Financial Protection. Lender is responsible for responding to all consumer complaints as required by law and must maintain a tracking mechanism for all consumer complaints received, regardless of validity, which provides data on the type of consumer complaints received and the final resolution of the consumer complaints. Upon request, Lender shall provide to CalHFA its consumer complaint tracking policy and procedures.

(f) Regulatory Supervision. Lender shall comply with all statutes, laws, rules and regulations applicable to its activities under this Agreement, including without limitation, rules or regulations of Lender's supervisory agency or other regulatory body that has jurisdiction over the Lender. At all times, Lender shall be properly licensed and in compliance with Secure and Fair Enforcement for Mortgage Licensing Act of 2008 and all other applicable registration requirements governing lending and mortgage related activities, including but not limited to those of the Bureau of Consumer Financial Protection.

### **ARTICLE III – LENDER'S REPRESENTATIONS AND WARRANTIES**

**Section 1. Lender's Representations and Warranties.** Lender hereby represents, warrants, and covenants to CalHFA as follows:

- (a) Lender is eligible to originate Loans under CalHFA's Programs;
- (b) Lender is duly organized, validly existing and in good standing under the laws of the state of its organization and has the power and authority to own its properties and carry on its business as now being conducted and is duly qualified to do such business wherever such qualification is required;
- (c) Lender and its agents, officers, employees and other personnel acting on its behalf have full legal authority to engage in the transactions contemplated by this Agreement and to obligate Lender to comply with the terms, conditions, and provisions of this Agreement. Lender's compliance with the terms, conditions, and provisions of this Agreement will not conflict with or result in a breach or default of any of the terms, conditions or provisions of the charter or bylaws of the Lender or any agreement or instrument to which the Lender is now a party or by which it is bound;
- (d) Lender is familiar with CalHFA's Programs, all provisions of state and federal law applicable to each of the Programs, the Program Documents, and all other rules or regulations applicable to each of the Programs;
- (e) Each copy of a document delivered to or submitted for inspection by CalHFA or its Master Servicer in connection with any application for a Loan in connection with each of the Programs shall be a true, correct and complete copy of the original thereof or shall be the original document, if requested;

(f) Lender shall at all times during the term of this Agreement and at its expense maintain in effect a fidelity bond (or surety bond) and mortgage errors and omissions insurance covering all agents, officers, employees and other personnel of the Lender. Such coverage shall be equal to or greater than the minimum coverage required by, or acceptable to Fannie Mae, Ginnie Mae or Freddie Mac. The terms of such coverage shall provide for deductibles that do not exceed the maximum deductible amounts permitted by Fannie Mae, Ginnie Mae or Freddie Mac. The Lender shall provide a Certificate of Insurance listing CalHFA as a named insured. No less than annually, and upon request, the coverage, deductibles and underwriters of the Lender's fidelity bond (or surety bond) and mortgage errors and omissions insurance policy shall be reported by the Lender to CalHFA or evidence of such coverage shall be delivered to CalHFA. Lender shall obtain its insurer's written agreement to promptly notify CalHFA in writing if a fidelity bond (or surety bond) or mortgage errors and omissions policy is cancelled for any reason. In addition and notwithstanding the foregoing, Lender shall promptly notify CalHFA of any insurer's cancellation of a fidelity bond (or surety bond) or mortgage errors and omissions policy or its refusal to renew a fidelity bond (or surety bond) or mortgage errors and omissions policy at the expiration of a premium period. Lender shall also notify CalHFA of any more restrictive terms required by any insurer as a condition for renewal.

(g) Lender shall promptly notify CalHFA of any claims of embezzlement, fraud, criminal or dishonest acts by any agent, officer, employee, or other personnel of Lender that could reasonably harm or diminish CalHFA financially or its reputation. Lender shall promptly notify CalHFA of any claims made against its fidelity or surety bonds or any mortgage errors and omissions policy;

(h) Lender is a bank, bank or trust company, trust company, mortgage company, mortgage banker, national banking association, savings bank, savings and loan association, building and loan association or other lending institution;

(i) Lender is authorized and licensed to make Loans in California;

(j) Lender warrants that no employee, including management, of the Lender is listed on any government-sponsored enterprise exclusionary list;

(k) Lender has as one of its principal purposes in its regular, usual and normal course of business the origination, processing and closing of Loans for Homes;

(l) Lender is an approved Fannie Mae seller or seller/servicer;

(m) Lender has continuously operated, for the preceding two (2) years, one or more loan origination offices;

(n) Lender has and maintains, as reflected in its most recent quarterly financial statements, a net worth that satisfies the requirements of HUD, Ginnie Mae, Fannie Mae and/or Freddie Mac;

(o) Lender has and maintains an adequate and reliable warehouse line of credit or other Loan funding source in an amount sufficient to enable the Lender to disburse Loan proceeds at the time of Closing for all Loans for which a Notice of Commitment has been issued to the Lender by CalHFA;

(p) Lender has and shall maintain fidelity coverage and mortgage errors and omissions insurance as required in this Agreement;

- (q) Lender is not in default or breach of any agreement with CalHFA;
- (r) Lender is approved by the applicable private mortgage insurer(s);
- (s) if Lender is a savings institution or a commercial bank, its deposits are insured by the FDIC; and if a credit union, its deposits are insured by the National Credit Union Administration;
- (t) Lender is and will continue to be duly incorporated or organized, validly existing, and in good standing under the laws of the jurisdiction in which it was incorporated or organized, as applicable, and has and will continue to maintain all licenses, registrations, and certifications necessary to carry on its business as now being conducted, and is and will continue to be licensed, registered, qualified and in good standing in the State and in any other state where an Application for a Loan is processed, if the laws of such state require licensing, registration or qualification in order to conduct business of the type conducted by the Lender;
- (u) Notwithstanding paragraph (t) above, in the event Lender wishes to consolidate with or merge into a non-CalHFA-approved lender, or sell or otherwise transfer to a non-CalHFA-approved lender all or substantially all of its assets, Lender shall cause the surviving, resulting, or transferee entity, as the case may be, to assume in writing all of the obligations of Lender hereunder, including honoring any and all of the Repurchase obligations, unless otherwise agreed to in writing by the parties hereto;
- (v) Notwithstanding paragraph (t) above, in the event Lender wishes to consolidate with or merge into another CalHFA-approved Lender, or permit one or more CalHFA-approved Lenders to consolidate or merge into it, or sell or otherwise transfer to another such CalHFA-approved Lender all or substantially all of its assets, Lender shall cause the surviving, resulting, or transferee entity, as the case may be, to assume in writing all of the obligations of all CalHFA-approved Lenders in said transaction(s), including honoring any and all of the Repurchase obligations under each respective Mortgage Purchase Master Agreement with CalHFA, unless otherwise agreed to in writing by the parties hereto;
- (w) No action, suit, proceeding, inquiry or investigation pending or threatened against Lender that would be likely to result in any material adverse change in business, operations, financial condition, properties, or assets of Lender, or in any material liability on the part of the Lender, or which would draw into question the validity of this Agreement, the Loan or of any action taken or to be taken in connection with the obligations of Lender contemplated herein, or which would be likely to impair materially the ability of Lender to perform under the terms of this Agreement; and
- (x) All representations and warranties made by Lender in its application to CalHFA to participate in CalHFA's Programs are true and correct.

**Section 2. Continuing Nature of Representations, Warranties, and Covenants.** Lender's representations, warranties, covenants and agreements set forth in this Agreement shall survive the closing and delivery of each Loan, and CalHFA's or CalHFA's Master Servicer's purchase of the Loan, respectively.

#### **ARTICLE IV – TERM; TERMINATION**

**Section 1. Term.** This Agreement shall become effective upon its execution by Lender and CalHFA. Lender's authorization to make and sell Loans under this Agreement is effective upon

completion of Lender training, at Lender's cost, provided for by CalHFA related to CalHFA's Programs. The Agreement shall remain in effect until terminated in accordance with its terms.

**Section 2. Termination.** Either party may terminate this Agreement upon five (5) days written notice to the other party provided that the termination of this Agreement shall not affect Loans already purchased by CalHFA or CalHFA's Master Servicer.

CalHFA may, in its discretion, require Lender to submit and comply with annual or other periodic re-certification requirements as they may be established by CalHFA from time to time. Lender hereby agrees that its failure to comply with those re-certification requirements shall be cause for immediate termination of this Agreement.

In addition to the foregoing, CalHFA may immediately terminate this Agreement at any time as a result of Lender's breach of any provision of this Agreement, including Lender's breach of any of the representations and warranties contained in this Agreement.

## **ARTICLE V - MISCELANEOUS**

**Section 1. Other Remedies; Cumulative Remedies.** In addition to the remedies set forth above, CalHFA shall have all remedies available at law or in equity. All of such remedies shall be cumulative and the exercise by CalHFA of any one or more of them shall not in any way alter or diminish the rights of CalHFA to pursue any other remedy provided for herein or at law or in equity.

**Section 2. Indemnification.** Lender shall indemnify and hold CalHFA harmless against any and all expenses, fees, losses, damages, penalties, fines, forfeitures, legal fees and related costs that CalHFA may incur as a result of any failure on the part of Lender to comply with this Agreement. Lender expressly recognizes that representations and warranties made by Lender that are not true shall constitute a breach of this Agreement.

**Section 3. Successors.** Lender shall not assign, transfer, pledge or encumber any of its rights, or delegate any of its duties, under this Agreement without the prior written consent of CalHFA, which shall not be unreasonably withheld or delayed. No consent by CalHFA to any assignment, pledge, transfer or encumbrance shall be deemed to release the Lender from any of its obligations under this Agreement or to constitute a novation of this Agreement unless otherwise expressly provided in such prior, written consent by CalHFA. Any assignment or attempted assignment by Lender shall be void and deemed to be cause for termination of this Agreement or other remedial action by CalHFA.

**Section 4. No Rights Conferred on Others.** Nothing in this Agreement shall confer any right upon any persons other than CalHFA and the Lender. There are no third party beneficiaries to this Agreement.

**Section 5. Notices and Requests.** Unless otherwise required, all notices and requests to CalHFA and Lender pursuant to this Agreement shall be in writing and shall be deemed given or received when mailed, by certified or registered mail, postage prepaid, addressed to CalHFA at 500 Capitol Mall, Suite 1400, Sacramento, California 95814 and to the Lender at the address shown below on the signature page unless another address is designated in writing by Lender.

**Section 6. Governing Law.** This Agreement shall be governed by and construed in accordance with the laws of the State of California and applicable federal law. Lender hereby agrees and consents to the exclusive jurisdiction of the courts of the State of California for all purposes regarding this Agreement and further agrees and consents that venue for any action brought hereunder shall be exclusively in the County of Sacramento.

**Section 7. Attorney Fees.** In any action to enforce or relating to any provision of this Agreement, the prevailing party shall be entitled to recover its costs and expenses in connection with such suit or any appeal thereof, including without limitation, its attorney fees. Whenever provision is made in this Agreement the payment of attorneys fees, such fees shall be payable whether the legal services are rendered by salaried employee of the party or by independent counsel and shall include such fees as are incurred in connection with any pretrial proceeding, trial or appeal of the action.

**Section 8. Waiver or Amendment of Provisions of Agreement.** The provisions of this Agreement cannot be waived or amended except in writing signed by both parties. No waiver of any term or condition of this Agreement by CalHFA shall be deemed to be a continuing waiver. Inaction or failure by any party to this Agreement to demand strict performance thereunder shall not be deemed a waiver.

**Section 9. Severability.** If any term, covenant, condition or provision of this Agreement is determined, at any time or to any extent, by a court of competent jurisdiction to be invalid or unenforceable, the remainder of this Agreement shall not be affected thereby and each term, covenant, condition and provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

**Section 10. Headings and Titles.** Headings and titles in this Agreement are for convenience only and shall not influence the construction or interpretation thereof.

**Section 11. Further Assurances and Corrective Instruments.** The Lender agrees that it 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 or appropriate to further express the intention, or to facilitate the performance, of this Agreement.

**Section 12. Applicable Loans.** This Agreement shall apply to all Loans originated by Lender (or by a Lender's correspondent lender and transferred to Lender prior to purchase by the Master Servicer or CalHFA, as applicable) made concurrently with or subsequent to its execution by the parties. It shall also apply to all Loans, whether past, present or future, and whether originated by Lender or not, for which Lender assumes or has assumed, with CalHFA approval, the obligation to service. Except as otherwise provided herein, this Agreement supersedes any prior agreements or understandings, whether written or oral, between CalHFA and Lender governing the origination, purchase or servicing (if applicable) of Loans. Notwithstanding the foregoing, the parties may subsequently agree, in writing, that certain CalHFA loans are not governed by this Agreement.

**Section 13. Counterparts.** This Agreement may be executed in counterparts by the parties hereto, and each such counterpart shall be considered an original and all such counterparts shall constitute one and the same instrument. This Agreement may be executed by electronic or facsimile signatures, which signatures shall have the same force and effect as original signatures.

**IN WITNESS WHEREOF**, CalHFA and Lender hereby execute this Agreement.

**LENDER:** \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**Approved as to Form and Legality:**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Counsel for Lender

**Lender's Address for Purposes of Notice:**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**CALIFORNIA HOUSING FINANCE AGENCY**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

SAMPLE