

761 CMR 10.00: STATEMENT OF TERMS AND CONDITIONS

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10.01: Definitions

The following terms as used in the MHMFA Loan Participation Program shall have the following meanings:

Adjusted Rate. Ten percent of the Conventional Rate established by MHMFA at the time Bonds are sold. The Adjusted Rate when applied to the outstanding principal of the Mortgage Loan provides Seller with a conventional rate of return on the ten percent of the Mortgage Loan owned by Seller.

Applicant. A Mortgage Lender that has applied for a Commitment Amount.

Bonds. Shall mean any bonds authorized by a MHMFA Resolution, issued pursuant to a series resolution and used to fund Loan Participations under this Commitment Application.

Borrower(s). Shall mean, when used with respect to a Mortgage Loan, the obligor on such Mortgage Loan, including an obligor by way of assumption.

Closing Date. The date, with respect to any Mortgage Loan, upon which such Mortgage Loan was closed by the Seller.

Commitment Amount. The amount of funds committed by MHMFA to a Mortgage Lender in a Notice of Acceptance, which may not exceed the amount requested by the Mortgage Lender on the Commitment Application.

Commitment Application. The application by which Seller offered to enter into the Loan Participation Agreement.

Commitment Fee(s). Shall be one half of one percent of the Commitment Amount.

Conventional Mortgage Loan. A Mortgage Loan which is not insured by FHA mortgage insurance or guaranteed by VA.

Conventional Rate. Shall be established by MHMFA no lower than the average of the rates on regular mortgages in five Massachusetts cities as published by the Federal Reserve Bank of Boston in the latest issue of New England Economic Indicators published prior to the sale of Bonds.

Delivery Period. Shall begin upon execution by MHMFA of the Loan Participation Agreement and end nine months thereafter. Loan Participations equal to at least 30% of the Commitment Amount are to be delivered within 90 days of such execution, at least 60% within 180 days, and the balance within 270 days.

Eligibility Guide. Shall mean the guide contained in the Operations Manual, as it may be amended from time to time by MHMFA, containing requirements for Mortgage Lenders originating and servicing Mortgage Loans in which MHMFA purchases Loan Participations.

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Escrow Payments. Payments required to be made under the terms of a Mortgage Loan by Borrower and to be paid into an escrow account to cover all taxes, special assessments and mortgage insurance premiums.

FHA. Shall mean the Federal Housing Administration (Department of Housing and Urban Development).

FHA Mortgage Loan. Shall mean a Mortgage Loan insured by FHA under the provisions of the National Housing Act, as now and hereafter amended. (See 761 CMR 21.31).

FHLMC. Federal Home Loan Mortgage Corporation.

FNMA. Federal National Mortgage Association.

Loan File. A file maintained by the Seller or Servicer which contains all loan documents and information required by the MHMFA Operations Manual.

Loan Participation. Shall mean the MHMFA's ownership interest in a Mortgage Loan, not to exceed 90% of the total outstanding principal amount of the Mortgage Loan.

Loan Participation Agreement. Shall mean that agreement entered into by MHMFA and a Mortgage Lender whereby MHMFA agrees to purchase from the Mortgage Lender Loan Participations in a specified amount.

Loan Participation Certificate. The instrument used for the conveyance of a Loan Participation to MHMFA.

Loan Participation Commitment Obligation. Shall mean the obligation of MHMFA to purchase Loan Participations pursuant to a Loan Participation Agreement with a Mortgage Lender.

Loan Participation Number. An identification number assigned by MHMFA to each Loan Participation purchased.

Loan Participation Submission. Those documents required by 761 CMR 21.65 to be submitted to MHMFA prior to purchase of a Loan Participation.

Loan Servicing Agreement. An agreement between MHMFA and a Servicer under which the Servicer agrees to service Mortgage Loans.

MHMFA. Massachusetts Home Mortgage Finance Agency.

MHMFA Maximum Interest Rate. The MHMFA Minimum Interest Rate plus the Adjusted Rate.

MHMFA Minimum Interest Rate. The MHMFA Required Rate plus the Servicing Fee.

MHMFA Required Rate. The yield on the Bonds issued by MHMFA plus a factor to cover MHMFA operating costs, times (x) 90%.

Mortgage Interest Rate. The rate of interest borne by a Mortgage Loan.

Mortgage Lender. Any bank, mortgage broker, mortgage lender or mortgage banker, trust company, savings bank, credit union, national banking association, federal savings and loan association, or building and loan association maintaining an office in the Commonwealth, or any insurance company authorized to transact business in the Commonwealth.

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Mortgage Loan. A Conventional, FHA, or VA mortgage in which a Loan Participation is sold or offered for sale to MHMFA on the security of a first lien on real estate, on which there is located a one-to-four unit residential structure or condominium unit, subject only to liens of taxes or assessments which are not delinquent, building restrictions or other restrictive covenants, conditions, or easements which do not materially affect the security of the Mortgage Loan. The maturity of such Mortgage Loan shall be no less than 20 years and no more than 30 years after the Closing Date.

Neighborhood Preservation Area or NPA. An area or neighborhood designated as such by MHMFA.

Notice of Acceptance. The notice from MHMFA to the Applicant of acceptance of the Commitment Application.

Operations Manual. The MHMFA document containing the Eligibility Guide, the Seller's Guide and the Servicer's Guide.

Purchase Date. The date upon which MHMFA shall purchase Loan Participations from Seller under the Loan Participation Agreement. Such date shall be the last business day of the month.

Seller. A Mortgage Lender which has sold or intends to sell Loan Participations to MHMFA.

Seller's Guide. The guide contained in the Operations Manual, as it may be amended from time to time by MHMFA, containing the rules governing the delivery of Loan Participations to MHMFA.

Service Area. The area in which a Mortgage Lender conducts its primary home mortgage lending activities.

Servicer. A Mortgage Lender which is qualified and has agreed, under a Loan Servicing Agreement, to service Mortgage Loans.

Servicer's Guide. The guide contained in the Operations Manual, as it may be amended from time to time by MHMFA, containing the rules governing the servicing of Mortgage Loans.

Servicing Fee. An annual fee equal to three eighths of one percent of the outstanding principal balance of the Mortgage Loan.

Trustee. Shall mean the bank or trust company appointed as trustee under the MHMFA bond resolution.

VA. Veterans Administration.

VA Mortgage Loan. Any Mortgage Loan guaranteed by the VA under the provisions of the Servicemen's Readjustment Act of 1944, or Chapter 37 of title 38 of the United States Code, as now and hereafter amended.

Value of Property. Shall mean (a) in the case of a Mortgage Loan for the purchase of a one-to-four unit structure (no rehabilitation costs included), the purchase price or the appraised value whichever is less or (b) in the case of a Mortgage Loan part or all of which is financing rehabilitation costs, the estimated appraised value at the completion of the proposed improvements.

10.02: Commitment

The Commitment Amount requested by any Seller shall be in a multiple of \$50,000 with a minimum of \$250,000 and a maximum of \$2,500,000. The Commitment Amount shall equal 90% of the unpaid principal balance of the Mortgage Loans in which Loan Participations are offered for sale to MHMFA or contracted for purchase from the Seller, as the case may be. MHMFA shall specify in its Notice of Acceptance, if any, the Commitment Amount accepted and the portion of the Commitment Amount allocated to a Neighborhood Preservation Area, if such allocation was requested in the Commitment Application. Upon such acceptance, the Seller shall be obligated to deliver and sell to MHMFA Loan Participations in the Commitment Amount specified and to allocate the specified portion of the Commitment Amount for Loan Participations in Mortgage Loans financing the purchase or rehabilitation of property in such Neighborhood Preservation Areas.

10.03: Irrevocability of Commitment Application; Acceptance by MHMFA

The Commitment Application and all obligations arising thereunder may not be revoked or withdrawn without the consent of MHMFA but shall terminate automatically if a Notice of Acceptance is not mailed (as evidenced by postmark) or delivered to the Seller by MHMFA within 30 days of the application deadline established by MHMFA. The Notice of Acceptance constitutes an agreement by MHMFA and by the Seller to execute the Loan Participation Agreement in accordance with the terms and conditions thereof.

In the event that MHMFA shall not accept all or part of the Commitment Amount requested by the Seller, MHMFA shall promptly refund to the Seller that part of the Commitment Fee submitted by the Seller in excess of one half of one percent of the Commitment Amount accepted by MHMFA. In the event that MHMFA shall accept the Commitment Application the Commitment Fee shall be retained by MHMFA except as provided in 761 CMR 10.05 hereof. The Commitment Fee shall be retained by MHMFA if the Seller shall fail to execute the Loan Participation Agreement or shall fail to deliver Loan Participations equal to the Commitment Amount prior to the end of the Delivery Period. In either of such events, the Agency also reserves its right to seek damages from the Seller to the extent losses incurred by the Agency exceed the Commitment Fee.

10.04: Loan Participation Agreement; Loan Servicing Agreement

Upon receipt of the Notice of Acceptance, the Seller shall execute a Loan Participation Agreement and, unless other arrangements for servicing are requested and made as may be permitted by the terms of the Loan Participation Agreement, a Loan Servicing Agreement, in the forms furnished to Seller by MHMFA with the Notice of Acceptance.

The Seller shall mail or deliver to MHMFA, by the date specified by MHMFA, copies executed by it of the Loan Participation Agreement and the Loan Servicing Agreement. Upon receipt of said Agreements duly executed by the Seller and completion of the sale of Bonds, MHMFA shall execute said Agreements and deliver to the Seller or its agent an executed original counterpart thereof. Unless MHMFA shall receive, prior to the date of execution by MHMFA of such Agreements, written instructions to the contrary, the Seller hereby appoints the Trustee as its agent for receipt of the Loan Participation Agreement and the Loan Servicing Agreement.

10.05: Sale and Delivery of MHMFA Bonds

MHMFA intends to obtain the funds to purchase Loan Participations from the proceeds of sale and delivery of its Bonds. If for any reason whatsoever Bonds in an amount sufficient to satisfy all accepted Commitment Amounts are not sold and delivered on or within 60 days of the execution of the Notice of Acceptance, MHMFA may either (a) terminate its obligation to execute a Loan Participation Agreement, in which case MHMFA shall return the Commitment Fee to the Seller and neither the Seller nor MHMFA shall be further obligated under the Commitment Application or (b) reduce the Commitment Amounts of any or all Sellers such that the aggregate of such reduced Commitment Amounts equals the sale proceeds of Bonds available to purchase Loan Participations, in which case MHMFA shall return to the Seller that part of the Commitment Fee in excess of one half of one percent of its reduced Commitment Amount.

10.06: Assignment

The Seller may not assign the Commitment Application and Notice of Acceptance or any rights thereunder without the prior written consent of MHMFA.

10.07: Successors

The Commitment Application and Notice of Acceptance and all obligations and rights thereunder shall bind and inure to the benefit of the Seller and MHMFA and their respective successors in interest.

10.08: Jurisdiction

The Mortgage Lender hereby consents to the jurisdiction of the Superior Court of the Commonwealth of Massachusetts for any proceeding in connection with the Commitment Application.

REGULATORY AUTHORITY

761 CMR 10.00: St. 1974, c. 846.