

**SERVICING AGREEMENT**

**BY AND BETWEEN**

**FLORIDA HOUSING FINANCE CORPORATION**

**AND**

**U.S. BANK NATIONAL ASSOCIATION**

**Dated as of October 1, 2013**

TABLE OF CONTENTS

Page

ARTICLE I  
GENERAL PROVISIONS

Section 1.01.	INCORPORATION OF RECITALS.....	1
Section 1.02.	DEFINITIONS.....	1
Section 1.03.	SERVICER’S REPRESENTATIONS AND WARRANTIES.....	5
Section 1.04.	SERVICER’S COVENANTS .....	6
Section 1.05.	ISSUER’S REPRESENTATIONS AND WARRANTIES .....	8

ARTICLE II  
THE SERVICER

Section 2.01.	OVERALL RESPONSIBILITY .....	8
Section 2.02.	LIMITATION ON LIABILITY OF DIRECTORS, OFFICERS, EMPLOYEES AND AGENTS OF THE SERVICER .....	8
Section 2.03.	INDEMNIFICATION OF ISSUER.....	9
Section 2.04.	SERVICER’S DUTIES AND RESPONSIBILITIES.....	9
Section 2.05.	LENDER MANAGEMENT .....	10
Section 2.06.	REVIEW AND PURCHASE OF QUALIFYING MORTGAGE LOANS .....	11
Section 2.07.	SERVICING STANDARDS .....	11
Section 2.08.	ESCROW ACCOUNT.....	12
Section 2.09.	COMPENSATION OF SERVICER.....	12
Section 2.10.	SERVICER MAY PLEDGE COLLATERAL .....	12
Section 2.11.	ASSUMPTION RESTRICTIONS.....	12
Section 2.12.	JOINDER IN LEGAL PROCEEDINGS .....	13
Section 2.13.	ASSIGNMENT OF SERVICING OBLIGATIONS .....	13
Section 2.14.	EMERGENCY MANAGEMENT/DISASTER RECOVERY PLAN.....	13

ARTICLE III  
MORTGAGE POOLING

Section 3.01.	NOTICE OF MORTGAGE LOAN BALANCES.....	13
Section 3.02.	SALE OF MBS CERTIFICATES .....	14

ARTICLE IV  
REPORTING REQUIREMENTS

Section 4.01.	NOTICES AND REPORTS TO THE ISSUER.....	15
Section 4.02.	REPORTS TO TRUSTEE .....	16

ARTICLE V  
TERM AND TERMINATION

Section 5.01.	TERM OF AGREEMENT.....	16
Section 5.02.	ISSUER'S RIGHT TO TERMINATE.....	16
Section 5.03.	SERVICER'S RIGHT TO TERMINATE.....	17
Section 5.04.	EFFECT OF TERMINATION.....	17
Section 5.05.	MERGER.....	18
Section 5.06.	NO REMEDY EXCLUSIVE.....	18
Section 5.07.	TRANSFER OF DUTIES.....	19

ARTICLE VI  
MISCELLANEOUS PROVISIONS

Section 6.01.	BOOKS AND RECORDS; PUBLIC RECORDS.....	19
Section 6.02.	SERVICER'S ACCESS TO PRIVILEGED INFORMATION.....	20
Section 6.03.	AMENDMENTS, CHANGES AND MODIFICATIONS.....	20
Section 6.04.	GOVERNING LAW.....	20
Section 6.05.	NOTICES.....	20
Section 6.06.	SEVERABILITY.....	21
Section 6.07.	FURTHER ASSURANCES AND CORRECTIVE INSTRUMENTS.....	21
Section 6.08.	NO RIGHTS CONFERRED ON OTHERS.....	21
Section 6.09.	MEMBERS AND OFFICERS NOT LIABLE.....	21
Section 6.10.	SERVICER'S RIGHT TO AMEND THE SERVICING AGREEMENT.....	21
Section 6.11.	COUNTERPARTS.....	22
Section 6.12.	FORCE MAJEURE.....	22
Section 6.13.	WAIVER.....	22
Section 6.14.	ENTIRE AGREEMENT.....	22

SCHEDULE A	MORTGAGE LOAN PRICING AND SERVICER FEES
SCHEDULE B	SECOND MORTGAGE LOANS

## SERVICING AGREEMENT

**THIS SERVICING AGREEMENT** (together with any amendments or supplements hereto, this "Servicing Agreement" or this "Agreement") is entered into as of the 1<sup>st</sup> day of October, 2013, ("Effective Date") by and between U.S. Bank National Association, a national banking association with its principal place of business at 800 Nicollet Mall, Minneapolis, MN 55402 (the "Servicer"), and Florida Housing Finance Corporation (the "Issuer"), a public corporation and a public body corporate and politic duly created and existing under the laws of the State of Florida with its principal place of business at 227 North Bronough Street, Suite 5000, Tallahassee, Florida 32301-1329.

### RECITALS

**WHEREAS**, the Issuer expects to issue new money, tax-exempt bonds or otherwise make funds available to enable the Issuer to finance certain qualified home Mortgage Loans through the acquisition of fully-modified mortgage-backed securities issued on behalf of and guaranteed as to timely payment of principal and interest by the Government National Mortgage Association ("GNMA") or issued by and guaranteed as to timely payment of principal and interest by the Federal Home Loan Mortgage Corporation ("Freddie Mac") or Federal National Mortgage Association ("Fannie Mae");

**WHEREAS**, Section 103 and Section 143 of the Code of 1986, as amended, provide that when the interest on obligations issued by or on behalf of a state or a political subdivision are to be used to finance qualifying owner occupied residences, the gross income shall be excludable from federal income tax if such bonds meet certain requirements stated in said Section 143.

**NOW, THEREFORE**, in consideration of the representations, warranties and mutual terms and conditions herein contained, and for good and other valuable consideration, the sufficiency and receipt of which is hereby acknowledged, the Servicer and the Issuer agree as follows:

### ARTICLE I

#### GENERAL PROVISIONS

##### **Section 1.01. INCORPORATION OF RECITALS**

The recitals set forth above are incorporated into this Servicing Agreement as expressed terms and conditions.

##### **Section 1.02. DEFINITIONS**

Unless otherwise indicated, all words and terms defined in this Servicing Agreement, as in effect on the date hereof, are used herein as so defined. In addition, the following terms have the meaning set forth below:

“Bond” means any bond the Issuer authorizes and issues under an Indenture which refers to this Agreement.

“Bond Counsel” means an attorney retained by the Issuer to give a legal opinion on whether the Issuer is authorized to issue proposed securities, the Issuer has met all legal requirements, and the interest will be exempt from federal income taxation and, where applicable, from state and local taxation.

“Bondholder” mean the registered owner of a Bond.

“Certificate Purchase Date” means the date the Issuer or the Trustee purchases a MBS Certificate.

“Code” means the Internal Revenue Code of 1986 or, if applicable, of 1954, and any regulations issued thereunder.

“Conventional Mortgage Loan” or “Conventional” means a Mortgage Loan originated pursuant to Fannie Mae or Freddie Mac underwriting requirements on Fannie Mae or Freddie Mac uniform loan documents.

“Debtor Relief Laws” means the U.S. Bankruptcy Code, and all other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, reorganization, or similar debtor relief laws of the United States from time to time in effect and affecting the rights of creditors generally.

“FHA” means the Federal Housing Administration of the U.S. Department of Housing and Urban Development, or other successor to its functions.

“FHA Insured” means Mortgage Loans with FHA mortgage insurance issued under one of the following FHA Insurance programs pursuant to the National Housing Act:

- (a) Section 203(b), Home Unsubsidized (including 223(e) declining area loans);
- (b) Section 234(c), Condominiums;
- (c) Section 203(b)(2), Veteran’s Status; or
- (d) such other FHA insurance programs as shall be acceptable to the Issuer and the Servicer.

“FHA/RHS/VA Loans” means Mortgage Loans which are FHA Insured, RHS Guaranteed or VA Guaranteed.

“GSE” means Government Sponsored Enterprise which includes Fannie Mae, Freddie Mac, or GNMA.

“GSE Commitment” means the formal agreement by the GSE to purchase a GSE approved security.

“GSE Guaranty” means the one or more guaranty agreements of a GSE set forth on each of the MBS Certificates pursuant to which the GSE has agreed to guarantee the timely payment of MBS Certificates.

“GSE Guide” means any and all guide books, requirements, bulletins, or updates pertaining to selling and servicing mortgage loans promulgated by the GSE for which Mortgage Loans will be pooled, as the same may be amended from time to time.

“Indenture” means any trust indenture or resolution and any series trust indenture or resolution issued thereunder, between a Trustee and the Issuer.

“Issuer” means Florida Housing Finance Corporation, a public corporation and a public body corporate and politic, organized and existing under the laws of the State.

“Lender” means a home mortgage lending institution approved by the Issuer and Servicer which has executed the Master Mortgage Purchase Agreement and a Participating Lender Agreement.

“Lender Guide” means the guide prepared by the Servicer for the origination and delivery of Mortgage Loans to be purchased by the Servicer and the eligibility, credit and security underwriting standards applicable thereto.

“Master Mortgage Purchase Agreement” means the Master Mortgage Purchase Agreement (Multiple Originators), by and between the Issuer and each participating lender identified therein, executed and delivered in connection with the Program.

“MBS Agreement” means the agreement with either GNMA, Fannie Mae or Freddie Mac pursuant to which GNMA, Fannie Mae or Freddie Mac has agreed to guarantee the timely payment of the specific MBS Certificates.

“MBS Certificate” means the GSE Mortgage Backed Certificate issued by either GNMA, Fannie Mae or Freddie Mac, or any respective successor thereto, pursuant to payments on which MBS Certificate GNMA, Fannie Mae or Freddie Mac respectively has agreed to guarantee in exchange for Pools of FHA, VA, USDA/RD Mortgage Loans, Fannie Mae Mortgage Loans and Freddie Mac Mortgage Loans, as applicable. MBS Certificates shall be single issuer Pools unless otherwise directed by the Issuer.

“MBS Commitment” means the formal agreement of the Servicer to purchase a mortgage backed security.

“Mortgage” means the written instrument creating a lien on real property to provide security for the payment of a Mortgage Loan.

“Mortgage Loan” means a qualified first lien mortgage loan originated by a Lender under the Program with respect to real property, evidenced by a Mortgage Note and secured by a Mortgage.

“Mortgage Note” means the promissory note evidencing the obligation to repay a Mortgage Loan.

“Non-Qualifying Mortgage Loan” means any mortgage loan which does not conform to the Program, Program Guideline, GSE Guide, or the Lender Guide including, but not limited to the following examples:

(a) The Lender fails to deliver to the Servicer all documents of the mortgage loan file (described in the Lender Guide) on a timely basis, or the Servicer determines that such documentation for mortgage loans does not conform to the requirements of the Program, the GSE Guide, or the Lender Guide.

(b) GNMA, Freddie Mac, Fannie Mae or the Servicer determines that the mortgage loan is not of acceptable quality or is not eligible for sale under the Program, the GSE Guide or the Lender Guide.

“Origination Period” means the period of time during which Mortgage Loans may be reserved and closed by the Lenders, and delivered to and purchased by the Servicer pursuant to the process developed by the Servicer and the Issuer under the Program Documents.

“Participating Lender Agreement” means the agreement signed between the Servicer and each Lender as to the terms and conditions under which the Servicer will purchase a Mortgage Loan from a Lender and the duties, obligations, representations, warranties, and covenants of the Lender to the Servicer.

“Pool” means with respect to a MBS Certificate, the Mortgage Loans held in connection with such MBS Certificate.

“Program” means the Issuer’s program to provide financing for owner-occupied residences, as set forth in and implemented through the Program Documents.

“Program Compliance Administrator” means Housing and Development Services, Inc. D/B/A EHousingplus, its successors and assigns.

“Program Documents” means the Master Mortgage Purchase Agreement, the Participation Lender Agreement, the Program Guideline, the Lender Guide, and this Servicing Agreement.

“Program Guideline” means the Issuer’s guidelines for the Program, containing information relating to specific provisions of the Program.

“RHS” means Rural Housing Service of the United States Department of Agriculture or any successor to its functions.

“RHS Guaranteed” means guaranteed by RHS pursuant to the RHS’s Guaranteed Rural Housing Loan Program.

“Second Mortgage Loan” means a qualified second lien Mortgage Loan originated by a Lender under the Program with respect to a home, evidenced by a Mortgage Note and secured by a Mortgage.

“Servicer” means U.S. Bank National Association through its U.S. Bank Home Mortgage division and its successors and assigns.

“State” means the State of Florida.

“Targeted Areas” means those areas within the State listed as qualified census tracts and areas of chronic distress.

“Treasury” means the Treasury Department of the United States of America.

“Trustee” means the financial institution appointed under an Indenture that finances and facilitates the purchase of MBS Certificates under this Servicing Agreement.

“VA” means the Veterans Administration, an agency of the United States of America, or any successor to its functions.

“VA Guaranteed” means guaranteed by the VA under the Serviceman’s Readjustment Act of 1944, as amended.

### **Section 1.03. SERVICER’S REPRESENTATIONS AND WARRANTIES**

The Servicer represents and warrants to the Issuer that:

(a) The Servicer is a national banking association duly qualified and in good standing to transact business in the United States, and possesses all requisite authority and power 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 Servicing 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 articles of association or bylaws, or (ii) any laws, regulations or administrative requirements which could have any material adverse effect whatsoever upon the validity, performance or enforceability of any of the terms of this Servicing Agreement applicable to the Servicer; and will not constitute a default under or result in the breach of any material contract, agreement or other instrument to which the Servicer is a party.



(c) The execution and delivery of this Servicing Agreement by the Servicer 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 Servicing Agreement will constitute a valid, legal and binding obligation of the Servicer, enforceable in accordance with its respective terms, except as the enforcement thereof may be limited by applicable Debtor Relief Laws.

(e) With respect to its duties hereunder, the Servicer will comply with the applicable non-discrimination provisions of the Civil Rights Act of 1964 and the regulations promulgated thereunder, the Fair Housing Act, 42 U.S.C. Section 3601 et. seq. and the regulations promulgated thereunder, Equal Employment Opportunity (Executive Order 11246 dated September 24, 1965 as amended by Executive Order 11375 dated October 13, 1967) and the Fair Housing Amendments Act of 1988.

(f) The Servicer is a GSE approved issuer and seller-servicer of Conventional, FHA Insured, VA Guaranteed, and RHS Guaranteed Mortgage Loans and is an authorized issuer of MBS Certificates with experience serving as Servicer for Mortgage Loans originated under programs designed to comply with Sections 103 and 143 of the Code.

(g) The MBS Certificates, upon the issuance, execution and delivery thereof, will constitute legal, valid and binding obligations of the Servicer enforceable in accordance with their respective terms, except as the enforcement thereof may be limited by Debtor Relief Laws; provided that no MBS Certificate will constitute a liability of, nor evidence any recorded debt against the Servicer, since each MBS Certificate is based on and backed by Mortgages, and recovery may be made from the GSE as applicable, in the event of any failure of timely payment as provided for in the MBS Agreements or contractual agreements appended to the MBS Certificates, as applicable.

(h) On the date hereof, there is no pending or, to the Servicer's knowledge, threatened litigation or administrative proceedings against the Servicer, which, if adversely determined, would materially affect the Servicer and its assets or its ability to purchase and service Mortgage Loans and administer the Program.

#### **Section 1.04. SERVICER'S COVENANTS**

The Servicer covenants to the Issuer that:

(a) The Servicer shall provide to the Trustee and the Issuer, in conjunction with each payment, the reports required by the GSE with respect to Mortgage Loans underlying the MBS Certificates.

(b) The Servicer agrees that so long as it shall continue to serve in the capacity contemplated under the terms of this Servicing Agreement, it will remain in good standing and qualified to do business under the laws of the State and be subject to supervision and examination by federal authorities as applicable. The Servicer will not dissolve or otherwise dispose of all or substantially all of its assets and will not

voluntarily consolidate with or merge into any other entity or permit one or more other entities to consolidate with or merge into it; provided, however, that the Servicer may, without violating the covenant contained in this subsection consolidate with or merge into another entity, or permit one or more entities to consolidate with or merge into it, or sell or otherwise transfer to another such entity all or substantially all of its assets as an entirety and thereafter dissolve, if the surviving, resulting or transferee entity, as the case may be, shall have a net worth equal to or greater than the net worth required by the GSE and be qualified as a GSE servicer.

(c) The Servicer is familiar with all GSE rules and regulations applicable to the Program and shall use diligent, reasonable efforts to remain familiar with all GSE rules and regulations applicable to the Program, including, but not limited to, any changes or proposed changes in the GSE servicing rates, size of GSE Pools or other features affecting the purchase of Mortgage Loans under the Master Mortgage Purchase Agreement and the Participating Lender Agreement for this Program, and promptly shall notify all Lenders of such changes or proposed changes of which the Servicer becomes aware during the Origination Period for such Program.

(d) No information, statement or report of the Servicer furnished in writing and required hereunder delivered to the Lender, the Issuer or the Trustee 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.

(e) Neither the Servicer nor any “related person”, as defined in Section 144(a)(3) of the Code, shall acquire, pursuant to an arrangement, formal or informal, Bonds in an amount related to the amount of MBS Certificates to be acquired by the Issuer under the Program.

(f) The Servicer will not knowingly take any action or fail to take any action or permit any action within its control to be taken which would impair the exclusion from gross income for federal income tax purposes of interest on the Bonds.

(g) The Servicer shall fulfill its obligations with respect to the review and purchase of Mortgage Loans at the Servicer’s facilities located in the United States, and notwithstanding any other provision of this Servicing Agreement, the Servicer shall not subcontract with any other servicer located outside of the United States with respect to such obligations. Subcontractors who provide third-party back office (non-customer contact) services shall not be subject to the provisions of this subparagraph (g).

(h) The Servicer will not actively solicit the borrower of any Mortgage Loan or Second Mortgage Loan, as a result of information obtained by the Servicer solely in its capacity as Servicer under this Agreement, regarding the opportunity to refinance such Mortgage Loan or Second Mortgage Loan under any refinance program of the Servicer.

## **Section 1.05. ISSUER'S REPRESENTATIONS AND WARRANTIES**

The Issuer represents and warrants to the Servicer:

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

(b) The Issuer has determined that the purchase of the Mortgage Loans by the Servicer and the sale of the MBS Certificates to the Issuer or a Trustee under the terms of this Servicing Agreement to finance the acquisition by eligible borrowers of residences will further and fulfill its public purposes.

(c) The execution and delivery of this Servicing Agreement, the Program Documents by the Issuer, the issuance of the Bonds by the Issuer in the manner contemplated by the Program Documents, and the performance of and compliance with the terms of the Program Documents by the Issuer will not, to its knowledge, 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 the Program Documents.

(d) This Servicing Agreement and the Indenture, and all documents and instruments contemplated hereby that are executed and delivered by the Issuer, and the Bonds, when issued and authenticated or registered in accordance with the Indenture, will constitute valid, legal, and binding obligations of the Issuer, enforceable in accordance with their terms, except as the enforcement thereof may be limited by applicable Debtor Relief Laws.

(e) Following execution of the Program Documents and the issuance of the Bonds, the Issuer will apply the proceeds thereof according to the terms and conditions of the Program Documents.

## **ARTICLE II**

### **THE SERVICER**

#### **Section 2.01. OVERALL RESPONSIBILITY**

The Servicer shall have general responsibility for the review, purchase and servicing of Mortgage Loans for the Program in accordance with this Servicing Agreement for and on behalf of the Issuer. The Servicer is hereby irrevocably authorized and empowered by the Issuer to execute and deliver for and on behalf of the Issuer any and all instruments, documents and writings necessary or desirable to fulfill its duties and responsibilities hereunder.

#### **Section 2.02. LIMITATION ON LIABILITY OF DIRECTORS, OFFICERS, EMPLOYEES AND AGENTS OF THE SERVICER**

No director, officer, employee or agent of the Servicer shall be under any personal liability to the Issuer, the Trustee or the Bondholders for any action taken in good faith or for

refraining from the taking of any action in good faith pursuant to this Servicing Agreement, or for errors in judgment.

### **Section 2.03. INDEMNIFICATION OF ISSUER**

The Servicer hereby agrees to indemnify the Issuer and hold the Issuer harmless from any loss, damage or expense that the Issuer may sustain as a result of any failure on the part of the Servicer to properly perform its services, duties and obligations under this Servicing Agreement or with respect to the Mortgage Loans or the MBS Certificate under this Servicing Agreement.

### **Section 2.04. SERVICER'S DUTIES AND RESPONSIBILITIES**

(a) Except any amendment, release or grant which is not inconsistent with or prejudicial to the rights and interests of the GSE, the Issuer, the Trustee or the Bondholders, the Servicer shall not consent to any changes in the terms and conditions of any Mortgage Loan or the release of specified property from the lien of a Mortgage or the grant of an easement or right of way upon property securing a Mortgage Loan. In addition, no such amendment, release or grant shall affect the time or amounts of payment of principal and interest on the Mortgage Loan or the obligation to pay taxes and maintain insurance on the property securing the Mortgage Loan at the times and in the manner specified in the Participating Lender Agreement.

(b) The Servicer shall diligently enforce and take all reasonable steps, actions and the proceedings necessary for the enforcement of all terms, covenants and conditions of all Mortgage Loans, including the prompt payment of all Mortgage Loan principal and interest payments and all other amounts due thereunder. Except as provided in Section 2.11 of this Servicing Agreement, the Servicer shall not release the obligations of any mortgagor under any Mortgage Loan, provided that this provision shall not be construed to prevent the Servicer from settling, in case of a default in payment thereof, any Mortgage Loan on such terms as the Servicer shall determine to be in the best interests of the Issuer and the related Bondholders, if any. If the insurers of any insurance policy contemplated under the Program shall cease to be licensed in the State, or cease to comply with the applicable provisions of the Participating Lender Agreement or GSE Guide for such insurance, the Servicer shall require the mortgagor to obtain comparable replacement policies with total coverage equal to the then existing coverage of such insurance policies from insurers so licensed and approved.

(c) The Servicer is expected and empowered to perform all loan servicing duties in accordance with and in compliance with, when applicable, all rules and regulations of VA, FHA, RHS, Freddie Mac, Fannie Mae or GNMA and the Lender Guide. The Servicer shall be held harmless for its performance of loan servicing duties that are carried out in full compliance with all requirements of the applicable Mortgage Loan guarantors and insurers, the applicable GSE Guide and the Program Guideline. The Servicer shall not be responsible for carrying out any loan servicing duties and responsibilities stated herein or requested by the Issuer that the Servicer, in its reasonable discretion, believes to be in conflict with the guidelines of the Mortgage Loan guarantors, or insurers or the GSE or applicable law.

(d) From and after the acquisition of each Mortgage Loan, the Servicer shall service such Mortgage Loan 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, all as set forth in the GSE Guide and the Lender Guide. In addition, the Servicer shall perform those duties set out in the Program Documents and the applicable MBS Agreement, including, but not limited to, approval of Mortgage Loan assumptions by eligible mortgagors, pursuant to the Participating Lender Agreement, and keeping and reporting regularly to the Issuer with respect to origination of Mortgage Loans during the Origination Period.

(e) The Servicer hereby covenants and agrees to establish and maintain a separate account or accounts (collectively, the “Escrow Account”), to be maintained in accordance with GSE requirements, and shall deposit therein all moneys received by it as escrow payments, including amounts representing collections of real estate taxes, assessments, premiums of any standard hazard insurance policy and comparable items. Moneys in the Escrow Account shall be insured by the Federal Deposit Insurance Corporation (the “FDIC”).

(f) The Servicer hereby covenants to: (i) assist the Issuer in assessing, approving and subsequently monitoring new Lender applications for participation in the Program; (ii) design and host initial and ongoing Lender training as requested by the Issuer via webinar, telephone, and computer based training or provide in person trainings as deemed necessary by the Issuer; (iii) provide a real-time, online loan reservation and tracking system that provides the Issuer and Lenders the ability to reserve Program and Second Mortgage Loan funds and track their reservations; (iv) provide support by telephone and e-mail for Lender questions on Program requirements, the reservation and tracking system and other issues; (v) purchase Mortgage Loans that meet the terms and conditions of the Program within 10 business days of the delivery of such Mortgage Loans from Lenders, at the purchase price specified by the Program Guideline; (vi) provide reports and data in various electronic formats; (vii) provide any required certifications to the appropriate party; (viii) repurchase Mortgage Loans that are required by a GSE to be repurchased from a pool; provided, that if the repurchase is due to fraud or misrepresentation the Lender will be asked to repurchase the Mortgage Loan from the Servicer; and (ix) consult with and advise Lenders or the Issuer on technical and systemic issues that might occur.

## **Section 2.05. LENDER MANAGEMENT**

(a) The Servicer shall review each Lender’s application to determine the Lender’s eligibility to participate in the Program. This review will be based upon the eligibility standards adopted by the Servicer. The Servicer shall also conduct an annual recertification, which will include, but not be limited to, a review of the Lender’s financial information to assure that the Lender continues to be qualified to participate in the Program.

(b) The Servicer reserves the right to modify the eligibility standards for Lenders at any time during the term of this Servicing Agreement. If the Servicer

modifies the eligibility standards, the Servicer will notify the Issuer and the new eligibility standards will become effective upon the date of said notification. Any new Lender applications received, or existing Lender recertifications performed on or after that notification date will be subject to the newly published eligibility standards.

(c) The Servicer will enter into a separate Participating Lender Agreement with every qualifying Lender. In the event of a conflict between the terms of the Participating Lender Agreement and the Master Mortgage Purchase Agreement, with regard to the obligations owed by a Lender exclusively to the Servicer, the Participating Lender Agreement shall control.

(d) The Servicer shall provide the Issuer with the results of any ongoing Lender performance evaluation and reporting. The Servicer will be granted the authority to suspend or terminate a Lender if that Lender is found to be in breach of any of the terms or conditions of the Participating Lender Agreement or if, subsequent to the execution and delivery of the Participating Lender Agreement or after annual recertification, the Lender fails to meet then current eligibility standards for participation in the Program. Prior to any action to suspend or terminate a Lender, the Servicer will advise the Issuer, by electronic message, before said action is taken. However, this action shall be considered a courtesy and not a request for approval.

#### **Section 2.06. REVIEW AND PURCHASE OF QUALIFYING MORTGAGE LOANS**

Upon delivery from the Lender, the Servicer will review the Mortgage Loan to ensure that it is eligible for inclusion in a GNMA, Fannie Mae, or Freddie Mac Pool. The Servicer shall be entitled to rely upon the Lender as assembler and preparer of all Mortgage Loan documents, and is under no duty whatsoever to investigate or confirm any of the information set forth therein as to its honesty, accuracy, or completeness with respect to the origination, underwriting, and closing of the loan file. The Servicer shall be entitled to rely upon the Program Compliance Administrator with respect to the compliance of each Mortgage Loan with the Program Guidelines and the Code. The Servicer will receive compliance approval from the Program Compliance Administrator via electronic data transmission. The Servicer will review the pertinent documents necessary to ensure the Mortgage Loan meets secondary marketing guidelines. The Servicer will not re-verify the information contained in such documents for accuracy. Upon approval of the Mortgage Loan by the Servicer, the Servicer will purchase the Mortgage Loan. Upon the purchase of each Mortgage Loan, the Servicer shall provide the Program Compliance Administrator written notice of such purchase via electronic data transmission. The Servicer will be responsible to collect certain final mortgage documents for each Mortgage Loan purchased, and have the right to charge and retain late fees for said final, recorded mortgage documents.

#### **Section 2.07. SERVICING STANDARDS**

With respect to all Mortgage Loans in the Program, the Servicer (i) will service such Mortgage Loans in accordance with generally accepted practices of the mortgage lending industry, this Servicing Agreement, and the requirements of the GSE Guide, as applicable,

including maintenance of all accounts required thereby, (ii) will perform all such duties with due care, diligence and reasonable promptness, (iii) will provide prompt monthly principal and interest payments to the Trustee under MBS Certificates held by the Trustee accompanied by a statement identifying principal, interest and principal prepayment components of such payment and (iv) will forward copies of such reports, if any, as are required by the GSE Guide, to the Issuer and the Trustee with respect to the status of the Mortgage Loans.

#### **Section 2.08. ESCROW ACCOUNT**

The Servicer shall establish and maintain a separate account or accounts to be maintained in accordance with the GSE Guide and shall deposit therein all moneys received by it as escrow payments, including amounts representing collections of real estate taxes, assessments, premiums of any standard hazard insurance policy and comparable items.

#### **Section 2.09. COMPENSATION OF SERVICER**

As compensation for the performance of the Servicer's duties hereunder, the Lender shall pay the Servicer a one-time funding fee, a tax service fee, a compliance fee, and, if applicable, an amortizing second mortgage fee, all in such amounts as set forth in Exhibit A to this Servicing Agreement, or such other amounts as agreed upon in writing by the Servicer and the Issuer pursuant to Schedule A and incorporated herein. The Servicer's compensation for servicing the Mortgage Loans shall be the permitted monthly Servicing Fee and any late charges permitted under the GSE Guide. The procedures for the payment thereof shall be in accordance with the GSE Guide.

#### **Section 2.10. SERVICER MAY PLEDGE COLLATERAL**

During any period of time in which the Servicer has purchased a Mortgage Loan from a Lender, the Servicer may pledge such Mortgage Loan to a financial institution providing the funding for such purchase until such time as a MBS Certificate is created and sold to the Trustee or the Issuer.

#### **Section 2.11. ASSUMPTION RESTRICTIONS**

In any case in which the property financed by a Mortgage Loan originated under the Program 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 Loan, the Servicer shall enter into an assumption agreement with the person to whom such property has been or is about to be conveyed; provided that the purchaser assuming the Mortgage Loan complies with the requirements of the Program, including, without limitation, those pertaining to federal tax laws. The foregoing assumption restrictions (as well as any additional assumption restrictions required by FHA, VA, RHS, Fannie Mae, or Freddie Mac) 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, VA, RHS, Fannie Mae, or Freddie Mac, a fee, to be paid by or on behalf of the assumptors, plus the reasonable and customary out of pocket costs paid or incurred by the Servicer.

The Servicer and the Issuer hereby acknowledge and agree that Second Mortgage Loans may not be assumed by the purchaser of a property financed by a Mortgage Loan originated under the Program where such purchaser desires to assume all the rights and obligations of the mortgagor under the Mortgage Loan as described in the immediately foregoing paragraph. In such cases, such Second Mortgage Loans must be paid in full by the mortgagor.

#### **Section 2.12. JOINDER IN LEGAL PROCEEDINGS**

Upon the request of the Servicer, and at the Servicer's sole expense, the Issuer and/or the Trustee shall join as parties' plaintiff in any legal proceeding brought by the Servicer against any Lender concerning any obligations of such Lender under the Master Mortgage Purchase Agreement or the Participating Lender Agreement. If the Issuer or the Trustee shall join in any such legal proceeding at the request of the Servicer, the Servicer shall indemnify, and hold harmless, the Issuer and the Trustee 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 Issuer and the Trustee by court order in the event of a judgment in favor of such defendant.

#### **Section 2.13. ASSIGNMENT OF SERVICING OBLIGATIONS**

The Servicer may assign for consideration all (but not a portion) of its servicing rights and obligations under this Servicing 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 and agrees to provide its services for the same fee as provided in this Servicing Agreement. Any such assignment is subject to the prior written consent of the applicable GSE and the Issuer or their respective successors or assigns, and which consent of the Issuer will not be unreasonably withheld, conditioned, or delayed.

#### **Section 2.14. EMERGENCY MANAGEMENT/DISASTER RECOVERY PLAN**

The Servicer has implemented an emergency management/disaster recovery plan (the "Recovery Plan") and shall review its Recovery Plan annually and provide written confirmation to the Issuer that such review has taken place upon written request of the Issuer. The Recovery Plan shall include, at a minimum, provisions relating to business closings and facilities restoration, record keeping and retention, the integrity of computer based systems and the recovery thereof, subcontractors, as applicable, employee availability and business interruption insurance. The Recovery Plan shall demonstrate the ability to perform all services under this Servicing Agreement without unreasonable delay.

### **ARTICLE III**

#### **MORTGAGE POOLING**

#### **Section 3.01. NOTICE OF MORTGAGE LOAN BALANCES**

In connection with the sale by the Servicer, and the purchase by the Issuer or the Trustee, of each MBS Certificate, the Servicer shall certify to the Trustee or the Issuer, in writing, prior to each such purchase, the following: (i) the outstanding principal balance of the Mortgage Loans



comprising the Pool for such MBS Certificate as of such Certificate Purchase Date; (ii) the types of Mortgage Loans comprising the Pool, including the Mortgage Loans in Targeted Areas; and (iii) that based upon reasonable review as set forth in this Servicing Agreement, the Servicer believes that all Mortgage Loans backing such MBS Certificate are qualified as Mortgage Loans under Master Mortgage Purchase Agreement, the Participating Lender Agreement, and this Servicing Agreement and that the MBS Certificate conforms to all requirements of the GSE Commitment and the GSE Guaranty, as applicable. In connection with the purchase of the MBS Certificates on a Certificate Purchase Date, the Servicer shall, upon the written request of the Trustee within the specified time frames, certify to the Trustee, in writing, prior to such purchase the outstanding principal balance of the Mortgage Loans comprising the Pools for such MBS Certificates as of such Certificate Purchase Date.

### **Section 3.02. SALE OF MBS CERTIFICATES**

(a) The procedures set forth in this Section 3.02 are applicable to the sale of the MBS Certificates by the Servicer as of the date of this Servicing Agreement.

(b) Subject to the terms and conditions hereof, the Servicer shall comply with the terms of the MBS Agreement and use its best efforts to acquire Mortgage Loans in accordance with the terms of this Servicing Agreement and the GSE Guides and pool Mortgage Loans into MBS Certificates for sale to the Issuer or the Trustee. The Servicer shall pay all fees required by the GSE in connection with the issuance of MBS Certificates.

(c) The Servicer shall comply with the terms of the MBS Agreement to acquire the Mortgage Loans and cause the aggregation of Mortgage Loans to occur in order to enable the formation of Pools as expeditiously as possible. The specifics regarding the timing, Pool size and procedures relating thereto shall be governed by the GSE Guides. The Servicer will ensure that the Program shall have at least equal priority with other similar programs serviced by the Servicer with respect to any GSE pool purchase contract authority.

(d) The total principal amount of any issue of MBS Certificates shall not be less than the aggregate unpaid principal balances of the Mortgage Loans in a Pool as of the issue date of the MBS Certificate.

(e) All MBS Certificates shall be issued with the special servicing option, as defined in the applicable GSE Guides.

(f) The Servicer covenants to obtain and maintain sufficient MBS Commitments to meet the anticipated needs of the Program.

(g) (i) The Servicer shall notify the Issuer and the Trustee (as applicable) at least fourteen (14) calendar days before each proposed delivery of a MBS Certificate of the aggregate principal amount of the MBS Certificate to be acquired. The Issuer (or the Trustee) shall disburse moneys for the acquisition of a MBS Certificate only upon receipt of the submission certificate with respect to the Mortgage Loans in the Pool backing the MBS Certificate. Notwithstanding the other provisions of this Servicing

Agreement, notice under this section may be made by [telephone,] email, facsimile, or other electronic means, and no notice of receipt shall be required.

(ii) The Issuer shall be obligated to purchase MBS Certificates when issued and delivered on its behalf by the Servicer. Should the Issuer fail to purchase the MBS Certificate from the Servicer not later than the 5<sup>th</sup> business day prior to the end of the month of issuance of MBS Certificate (to the extent notice has been delivered to the Issuer as described in subparagraph (g)(ii) above), then the Servicer shall have the option to sell the MBS Certificate in a recognized market at such price or prices as the Servicer may deem satisfactory and apply the proceeds thereof to the aggregate unpaid balance owed by the Issuer pursuant to this Agreement. If the sale is completed by Servicer, the Issuer shall remit funds to the Servicer within 15 days of notice of the completed sale representing (a) any discount in the selling price below 100% of the unpaid principal balance of the MBS; (b) any amounts due to the Servicer for down payment assistance advances; and (c) any other reasonable loss, damage, cost or expense directly arising or resulting from the failure of the Issuer to purchase the MBS Certificate.

## ARTICLE IV

### REPORTING REQUIREMENTS

#### Section 4.01. NOTICES AND REPORTS TO THE ISSUER

(a) The Servicer shall cooperate with the Issuer and the Program Compliance Administrator in developing and implementing an electronic data exchange process for the exchange of loan reservation data, Mortgage Loan purchase data, MBS Certificate pool data and other data as agreed upon by the Issuer and the Servicer through such time the Mortgage Loan is purchased and pooled by the Servicer.

(b) The Issuer shall be given access to information with respect to delinquencies, foreclosures and prepayments of Mortgage Loans underlying such MBS Certificates, effective as of the previous month-end cutoff through the Servicer's online mortgage reports system.

(c) The Servicer shall report to the Issuer any occurrences observed in the administration of the Program, which, in the reasonable judgment of the Servicer, would be of interest to the Issuer or which would have the effect of violating the terms and conditions of the Program, as set forth in the Program Documents.

(d) The Servicer shall provide to the Issuer copies of any report submitted to the Trustee for disclosure to the secondary market.

(e) The Servicer will provide financial information regarding its business and information regarding its servicing portfolio in such form as may be reasonably requested from time to time, but at least semi-annually, in order to permit the Issuer to comply with federal disclosure requirements.

## **Section 4.02. REPORTS TO TRUSTEE**

Throughout the term of this Servicing Agreement, the Servicer shall simultaneously submit to the Trustee (i) copies of all reports required by the GSE Guide to be submitted to the GSE and (ii) with respect to the MBS Certificates issued under the Program, information required for disclosure to the secondary market.

## **ARTICLE V**

### **TERM AND TERMINATION**

#### **Section 5.01. TERM OF AGREEMENT**

This Servicing Agreement shall be in full force and effect as of the Effective Date. Unless this Servicing Agreement is terminated pursuant to Sections 5.02 or 5.03 hereof, with respect to the purchase of Mortgage Loans and Second Mortgage Loans under the Program and the pooling of Mortgage Loans into and sale to the Issuer or the Trustee of MBS Certificates, this Servicing Agreement shall apply to Mortgage Loans and Second Mortgage Loans originated on or prior to September 30, 2016, as such date may be extended upon agreement by the Issuer and the Servicer. With respect to the ongoing servicing obligations of the Servicer hereunder, this Servicing Agreement shall be in full force and effect from the date hereof and shall continue in effect so long as the terms of any Mortgage Loans or Second Mortgage Loans shall continue, unless terminated earlier pursuant to Sections 5.02 and 5.03 hereof.

#### **Section 5.02. ISSUER'S RIGHT TO TERMINATE**

The Issuer may terminate this Servicing Agreement without cause with 120 days' written notice to the Servicer

Upon the occurrence of any one or more of the following events (and after any applicable cure period), the Issuer may terminate this Servicing Agreement immediately:

(a) Failure by the Servicer duly to observe or perform in any respect any covenant, condition or agreement in this Servicing Agreement to be observed or performed, for a period of 30 days after written notice, specifying such failure and requesting that it be remedied, is given to the Servicer by the Issuer unless the Issuer 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 Issuer 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) (i) A decree or order of a court or agency or supervisory authority having jurisdiction for the appointment of a conservator or receiver or liquidator in any insolvency, readjustment of debt, marshalling 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 60 days; and (ii) a decree or order of a court or agency or

supervisory authority having jurisdiction for the appointment of a receiver or liquidator in any proceedings initiated by the Office of the Comptroller of the Currency, shall have been entered against Servicer and such decree or order shall have remained in force undischarged or unstayed for a period of 48 hours.

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

(d) The Servicer shall 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 Issuer 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.

### **Section 5.03. SERVICER'S RIGHT TO TERMINATE**

Upon at least 120 days' written notice to the Issuer, the Servicer may resign from the obligations and duties imposed on it pursuant to this Servicing Agreement to continue to purchase Mortgage Loans and to pool Mortgage Loans into Mortgage Backed Securities pursuant to the Program, provided that any Mortgage Loan for which a reservation has been granted prior to the effective date of the Servicer's resignation shall, to the extent such Mortgage Loan meets the terms and conditions of this Servicing Agreement, be purchased by the Servicer and pooled into an MBS Certificate for purchase by the Issuer or a Trustee. With respect to MBS Certificates delivered to the Issuer or a Trustee on or prior to the effective date of the Servicer's resignation, the Servicer shall continue to be subject to the obligations and duties imposed on it hereunder with respect to such MBS Certificates (and the underlying Mortgage Loans) unless this Servicing Agreement shall have been assigned to a successor servicer as provided in Section 5.04 hereof.

### **Section 5.04. EFFECT OF TERMINATION**

On or after the receipt by the Servicer of written notice from the Issuer pursuant to Section 5.02 or the election by the Servicer pursuant to Section 5.03, all authority, power, and obligations of the Servicer under this Servicing Agreement shall terminate; however, Servicer shall continue to service all Mortgage Loans it had purchased and is actively servicing pursuant to this Servicing Agreement at the time of the Servicer's resignation and shall, as provided in Section 5.03, purchase and pool into a MBS Certificate for purchase by the Issuer or a Trustee, any Mortgage Loan for which a reservation has been granted prior to the effective date of the Servicer's resignation, to the extent such Mortgage Loan meets the terms and conditions of this Servicing Agreement. The Issuer is 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 Issuer in effecting the

termination of the Servicer's responsibilities hereunder. Any amounts collected pursuant to action taken under this Section 5.04 shall be applied in accordance with the provisions of the Indenture. Upon termination, the Servicer shall be entitled to the payments for services that were rendered prior to such termination.

In the event of termination by the Issuer, without cause, and removal of the existing servicing, the Servicer shall be entitled to compensation through the date of termination specified in the notice calculated as follows (the "Servicing Reclamation Price"):

The Issuer and the Servicer shall each select a mortgage industry recognized servicing value appraiser to establish the Servicing Reclamation Price. The Servicing Reclamation Price shall be the discounted net present value of all future income which Servicer is entitled to receive under the Servicing Agreement for the then current portfolio of Mortgage Loans being serviced less all reasonable costs and expenses incurred in connection with servicing the Mortgage Loans. The discount rate used will be the then current typical rate used in the mortgage industry to value the types of Mortgage Loans serviced under the Servicing Agreement. Should the two appraised values differ by ten percent (10%) or less, the average of the two appraisals shall be the Service Reclamation Price. Should the appraised values differ by more than ten percent (10%), the two appraisers shall select a third mortgage industry recognized servicing value appraiser who shall determine the Service Reclamation Price based solely upon the data, assumptions and valuation methodologies used by the two appraisers previously appointed. The determination made by the third mortgage industry recognized servicing value appraiser shall be the conclusive determination of the Servicer Reclamation Price hereunder. The Issuer and the Servicer shall each bear their respective costs of the appraiser they select hereunder and shall equally share in the cost of the third appraiser, if used. Issuer shall bear the cost of the servicing transfer so long as Issuer approves the expense prior to the effective date of the transfer.

#### **Section 5.05. MERGER**

Upon merger by or sale of the assets of the Servicer, the Servicer shall provide notice within a reasonable time after such merger or sale of assets becomes public information, to the Issuer and the Trustee, except for mergers with or sales to entities with ownership and management that is not materially different to that of the Servicer. Thereafter, the Issuer and the Trustee shall provide written notice of the merger or sale of assets to the GSE, and if the GSE raises objections, then at the request of the Issuer, the Servicer agrees to the termination of this Servicing Agreement under terms reasonably acceptable to the Issuer and the Trustee. Any entity into which the Servicer may be merged or consolidated, or any entity resulting from any merger, conversion or consolidation to which the Servicer shall be a party, pursuant to the terms hereof, or any entity succeeding to the business of the Servicer, pursuant to the terms hereof, shall be the successor of the Servicer hereunder and shall assume in writing all of the obligations of the Servicer hereunder.

#### **Section 5.06. 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 Servicing Agreement or existing at law or

in equity. In order to entitle the Issuer or the Trustee, on behalf of the Issuer, to exercise any remedy reserved to the Issuer in this Article, it shall not be necessary to give any notice, other than such notice as may be required in this Article.

#### **Section 5.07. TRANSFER OF DUTIES**

Upon resignation by the Servicer or termination of this Servicing Agreement pursuant to this Article V, the Servicer shall promptly, but not later than 30 days after such resignation or termination, supply all reports, documents and information which are required by the Program Documents, and which are customarily provided upon such resignation or termination, to any person or entity designated by the Issuer, and the Servicer shall use its best efforts to effect the orderly and efficient transfer of administration to a new program administrator designated by the Issuer, including preparation of accounting statements in the form required by each GSE and delivered to the Issuer or the Trustee, of all moneys held and all papers and records pertaining to such Mortgage Loans. The Issuer shall, as provided herein, provide for reimbursement to the Servicer for any amounts advanced by the Servicer and required to be reimbursed by the Issuer hereunder. Except for the foregoing and except as otherwise provided in Sections 5.01, 5.04 and 6.01 hereof, Servicer shall have no further obligations after termination.

### **ARTICLE VI**

#### **MISCELLANEOUS PROVISIONS**

##### **Section 6.01. BOOKS AND RECORDS; PUBLIC RECORDS**

(a) The Servicer agrees to keep proper books, records and accounts in accordance with the GSE Guide and sufficient to comply with reporting requirements of the Code applicable to the Bonds. The Servicer shall make such books and records available for inspection and copying by the Issuer and the Trustee during normal business hours at the office designated by the Servicer and under reasonable conditions upon 14 business days' advance notice.

(b) Pursuant to Section 119.0701(2), Florida Statutes, the Servicer is required to comply with public records laws, specifically to:

(i) Keep and maintain public records (as defined in Section 119.011, Florida Statutes) that ordinarily and necessarily would be required by the Issuer in order to perform the service.

(ii) Provide the public with access to public records on the same terms and conditions that the Issuer would provide the records and at a cost that does not exceed the cost provided by Chapter 119, Florida Statutes, or as otherwise provided by law.

(iii) Ensure that public records that are exempt or confidential and exempt from public records disclosure requirements are not disclosed except as authorized by law.

(iv) Meet all requirements for retaining public records and transfer, at no cost, to the Issuer all public records in possession of the Servicer upon termination of this Servicing Agreement and destroy any duplicate public records that are exempt or confidential and exempt from public records disclosure requirements. All records stored electronically must be provided to the Issuer in a format that is compatible with the information technology systems of the Issuer.

#### **Section 6.02. SERVICER'S ACCESS TO PRIVILEGED INFORMATION**

Through normal servicing activities, including the servicing of delinquencies, the Servicer may sometimes obtain privileged information concerning the mortgagors and their single family residences. All such information must be used in a manner consistent with any applicable laws or regulations regarding disclosure of nonpublic personal information. Neither the Servicer nor any of its affiliates shall use any information obtained pursuant to the Servicer's role under this Servicing Agreement to solicit mortgagors for any banking-related products, including any deposit or loan products; provided, however, the Servicer may solicit mortgagors in connection with Mortgage-related products, such as credit life or disability insurance, and ACH payments.

#### **Section 6.03. AMENDMENTS, CHANGES AND MODIFICATIONS**

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

#### **Section 6.04. GOVERNING LAW**

This Servicing Agreement shall be construed in accordance with the laws of the State, 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 6.05. NOTICES**

All notices, certificates or other communications hereunder shall be deemed given when personally delivered, delivered by overnight courier, or mailed by certified or registered mail, postage prepaid, return receipt requested, addressed to the following addresses. The Issuer or the Servicer may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

As to the Issuer:	Florida Housing Finance Corporation 227 North Bronough Street Suite 5000 Tallahassee, Florida 32301-1329 Attention: Chief Financial Officer
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As to the Servicer: U.S. Bank National Association  
Attn: Client Support Executive  
17500 Rockside Road  
Bedford, OH 44146

#### **Section 6.06. SEVERABILITY**

If any provision of this Servicing 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, and in lieu of such invalid or unenforceable provision there shall be added, if possible and agreed upon in writing by Issuer and Servicer, a provision similar in terms to this Servicing Agreement that may be valid and enforceable.

#### **Section 6.07. FURTHER ASSURANCES AND CORRECTIVE INSTRUMENTS**

To the extent permitted by law, the Issuer 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 Servicing Agreement.

#### **Section 6.08. NO RIGHTS CONFERRED ON OTHERS**

Nothing in this Servicing Agreement shall confer any right upon any person other than the Issuer, the Servicer, the Trustee and the Bondholders.

#### **Section 6.09. MEMBERS AND OFFICERS NOT LIABLE**

This instrument is executed by the members or officers or both of the Issuer and the Servicer in their capacities as said members or 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 member, agent, counsel, officer or employee of the Issuer and the Servicer in his or her individual capacity, and neither members of the Issuer and the Servicer or any officers executing this Servicing Agreement shall be liable personally with respect to this Servicing Agreement or be subject to any personal liability by the execution hereof.

#### **Section 6.10. SERVICER'S RIGHT TO AMEND THE SERVICING AGREEMENT**

(a) The procedures, guidelines and policies of a GSE may be amended or modified in the future to such extent that it may become impractical or impossible for the Servicer to perform its obligations hereunder as provided herein, in which event the Servicer shall not be held in default under this Servicing Agreement for such failure to perform as set forth herein.

(b) The Servicer shall have the right from time to time, in its sole discretion, to amend all or any portion of this Servicing Agreement for the purpose of providing for any and all modifications, updates, changes, amendments or supplements to applicable laws or regulations; including without limitation, any modifications to the procedures,



guidelines or policies of a GSE as described in paragraph (a) above. The Servicer shall give the Issuer written notice of such an amendment (including specific language changes) not less than 30 days before the effective date of such amendment unless the Servicer shall be obligated by law or regulation to implement such amendment in a shorter time period, in which case, the Servicer shall provide the Issuer with as much advance notice as is practical, but such change shall be effective on the date prescribed by the applicable law or regulation; provided, however, that the Issuer shall not be liable or deemed in breach of this Servicing Agreement due to the Issuer's failure to comply with any changes with respect to which the Issuer has not yet received notice from the Servicer unless the Issuer already has knowledge of the change.

#### **Section 6.11. COUNTERPARTS**

This Servicing Agreement may be executed in multiple counterparts, each of which shall be deemed to be an original and all of which, when taken together, shall constitute one and the same Servicing Agreement.

#### **Section 6.12. FORCE MAJEURE**

Notwithstanding anything to the contrary contained herein, no party shall be liable to the other party for any failure or delay on its part to perform, and shall be excused from performing, any of its obligations hereunder if such failure, delay or nonperformance results in whole or in part from any cause beyond the reasonable control of such party, including, without limitation, any act of God; any epidemics or pandemics; any fire, flood or weather condition; any earthquake or other natural disaster; any act of a public enemy, act of terrorism, war, government collapse, government restriction, civil disturbance, riot, explosion, strike or other labor dispute, labor or material shortage, energy crises, blackouts or brownouts; any interruption or shortage of, or failure or delay in, transportation, utilities, networks, material, supplies, equipment, machinery, power or spare parts; and any act of any military or civil authority.

#### **Section 6.13. WAIVER**

No course of dealing and no failure by a party to enforce any provision of or to exercise any right under this Servicing Agreement shall be construed as a waiver of such provision or right or shall affect the validity of this Servicing Agreement or limit, prevent or impair the right of any party subsequently to enforce such provision or exercise such right. The waiver by a party of any breach or default of this Servicing Agreement by the other party shall be in writing, and such waiver will not operate or be construed as a waiver of any subsequent or other breach or default.

#### **Section 6.14. ENTIRE AGREEMENT**

This Servicing Agreement, including the schedules and exhibits hereto, constitutes the entire agreement between the parties with respect to the subject matter hereof, and supersedes and replaces in its entirety any and all prior agreements between the parties with respect to such subject matter, either oral or in writing.

[SIGNATURE PAGE FOLLOWS]

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

Dated this 27<sup>th</sup> day of September, 2013

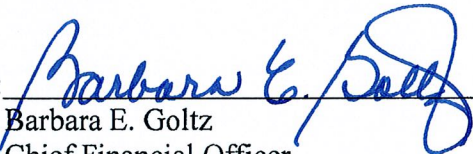
Dated this \_\_\_ day of September, 2013

**By the Issuer:**

**By the Servicer:**

**FLORIDA HOUSING FINANCE CORPORATION**

**U.S. BANK NATIONAL ASSOCIATION**

By:   
Barbara E. Goltz  
Chief Financial Officer

By: \_\_\_\_\_  
Name (Printed): \_\_\_\_\_  
Title: \_\_\_\_\_

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

Dated this \_\_\_ day of September, 2013

Dated this 30 day of September, 2013


**By the Issuer:**

**By the Servicer:**

**FLORIDA HOUSING FINANCE  
CORPORATION**

**U.S. BANK NATIONAL ASSOCIATION**

By: \_\_\_\_\_  
Barbara E. Goltz  
Chief Financial Officer

By:   
Name (Printed): JAMES R. COLERO  
Title: VICE PRESIDENT

## SCHEDULE A

### **MORTGAGE LOAN PRICING AND SERVICER FEES**

The Service Release Premium (SRP) paid by the Servicer to the Issuer will be fixed for a period of 4 months. The SRP will be based on a comparison of the last four months of HFA reservations weighted average Note Rates versus Fannie Mae weighted average Required Net Yields to establish weighted average spread to market for the same time period as described below.

The Pricing Schedule will be set based on reservations for a specific four month time frame beginning on October 1, 2013. Current market for the Pricing Grid will be established 3-4 days prior to the initial four month flat pricing (exhibit A), and prior to each subsequent four month change.

The current market interest rate is defined as the Fannie Mae 30-year Fixed Rate 90 Day Required Net Yield\* plus 0.250%, rounded to the nearest 0.125%.

\***Link** <http://www.efanniemae.com/syndicated/documents/mbs/apeprices/archives/cur30.html>

With respect to the acquisition of Mortgage Loans and the sale of Mortgage Backed Securities to the Issuer, if Servicing values decline and/or Servicing costs increase, the Servicer reserves the right to reevaluate and change the SRP pricing, fees and/or credit terms stated in this Schedule A of this Servicing Agreement. Changes may be made at any time with a 30 day notice to the Issuer, unless a shorter time frame is mandated by any Regulatory Agency.

# EXHIBIT A

## Pricing Schedule FHFC

Effective October 1, 2013

	Date	FN90 RNY	Current Mkt	Description
	09/13/13	4.3516%	4.625%	Current

		Note Rate Brackets	
		From	To
Market	4.625%	5.876%	
		5.626%	5.875%
		5.376%	5.625%
		5.126%	5.375%
		4.876%	5.125%
		4.374%	4.125%
		4.124%	3.875%
		3.874%	3.625%
		3.624%	3.375%
		3.374%	0.000%

	*FHA 44	*FHA 19	*FHA 31.5	*FHA 56.5	Conv 25
0.0	0.0	0.0	0.0	0.0	0.0
95	11	53	125	22	
105	14	60	138	29	
119	19	69	155	35	
131	24	77	170	43	
142	28	85	183	52	
147	29	88	190	56	
153	31	92	197	60	
157	32	95	203	63	
160	32	96	206	65	
160	32	96	206	65	

\*Deduct 50 for VA loans

Maximum DTI 45%

Minimum FICO 640

Funding fee	200.00
Tax Service Fee	85.00
<i>If applicable</i>	
Compliance paid by mortgagor	
Amortizing Second Mortgage Fee	175.00

## **SCHEDULE B**

### **SECOND MORTGAGE LOANS**

This Schedule B to the Servicing Agreement applies to servicing of qualifying Second Mortgage Loans.

#### **ARTICLE B-1. SECOND MORTGAGE LOAN PROGRAM ADMINISTRATION**

##### **SECTION B-1.01. SECOND MORTGAGE LOAN FUNDING PROCEDURES**

The Lender shall be responsible for the initial funding of any Second Mortgage Loan and must register the Mortgage Loan and the Second Mortgage Loan simultaneously.

##### **SECTION B-1.02. SECOND MORTGAGE LOAN PURCHASE PROCEDURES**

The Second Mortgage Loans shall be purchased by the Servicer from the Lender at the original loan amount of such loans, or amortized balance when applicable, contemporaneously with the Servicer's purchase of the related Mortgage Loan pursuant to the Master Mortgage Purchase Agreement and Participating Lender Agreement. The Lender shall include specific Second Mortgage Loan documents in the file delivered to the Servicer or to the Issuer as directed in the Program Guideline. The Servicer or the Issuer, through their established monitoring system, shall monitor and determine whether the mortgagor is compliant with the terms and conditions of the Second Mortgage Loan as identified in this Schedule B and the Program Guideline. Upon receipt of notice by the Issuer from the Servicer of the Servicer's purchase of a Second Mortgage Loan, the Issuer shall reimburse the Servicer for such purchase, and thereafter the Servicer may retain Second Mortgage Loan documents as directed by the Issuer pursuant to the terms of this Schedule B.

##### **SECTION B-1.03. REIMBURSEMENT OF SERVICER**

The Servicer shall request funds from the Issuer for all monies advanced to the Lenders for Second Mortgage Loans. The Issuer shall reimburse the Servicer within 30 days of the request for any and all Second Mortgage Loan(s) purchased by the Servicer regardless of the status of the Mortgage Loan or the Second Mortgage Loan under the Program. The reimbursement report shall identify each loan for which reimbursement is being sought by loan number, borrower name, Second Mortgage Loan amount and series code.

##### **SECTION B-1.04. REMITTANCES AND REPORTS**

(a) The Servicer shall provide or make available to the Issuer and its Trustee the following information:

(1) On a monthly basis, for amortizing Second Mortgage Loans, provide trial balances and supporting detail activity schedules for each "Category" denoted in the Servicer's trial balance report and for non-amortizing Second Mortgage Loans provide trial balances. The trial balance shall identify each Second Mortgage Loan by loan number, mortgagor name and Second Mortgage Loan unpaid principal balance. The report shall also include a reconciliation of

all activity since the prior reporting period, which shall include a detailed accounting of foreclosed Second Mortgage Loans and repayments.

(2) On a monthly basis, a remittance report which summarizes the payments forwarded to the Trustee for collection of Second Mortgage Loan payments pursuant to Section B-3.03 below. The remittance method will be actual interest-actual principal.

(3) On a monthly basis, a report made available that includes all Second Mortgage Loans for which the Mortgage Loan is in default bankruptcy or foreclosure, as of the last Business Day of the month. The Issuer will notify the Servicer whether to pursue foreclosure of the corresponding Second Mortgage Loan.

(b) The Servicer, pursuant to the authority granted the Servicer as the attorney-in-fact for the Issuer, shall be responsible for the execution, filing and recording of all Mortgage satisfactions for satisfied Second Mortgage Loans. The Servicer shall recover the actual costs of filing and recording such Mortgage satisfactions from the mortgagor at the time of payoff.

(c) The Servicer shall administer and service the Second Mortgage Loans in accordance with the terms and provisions of this Schedule B.

(d) The Servicer shall deal directly with mortgagors, title companies and attorneys requesting payoffs of these Second Mortgage Loans. Funds collected for the Second Mortgage Loan payoffs shall be directed to the Trustee/Issuer at least monthly.

#### **SECTION B-1.05. REPURCHASE OF MORTGAGE LOANS AND SECOND MORTGAGE LOANS**

The Lender shall be required to repurchase a Non-Qualifying Mortgage Loan's related Second Mortgage Loan when the Lender is obligated to repurchase the Non-Qualifying Mortgage Loan under the Participating Lender Agreement.

#### **SECTION B-1.06. COMPENSATION AND EXPENSES FOR SERVICING**

(a) The Servicer will have the right to collect from the Lender an agreed upon upfront fee at the time of loan purchase as a Second Mortgage processing fee.

(b) Any miscellaneous costs incurred by Servicer to carry out additional duties requested by the Issuer that are not provided for in this Agreement, shall be billed to the Issuer at reasonable cost and paid by the Issuer within 30 days upon receipt of billing.

(c) The Servicer shall, as within Fannie Mae and Freddie Mac servicing guidelines, also be entitled to retain any late charges stated in the Second Mortgage Loan documents and paid by the mortgagors, any ancillary fees charged for customary services provided to the mortgagors.

## **ARTICLE B-2. COLLECTION AND DISBURSEMENT DUTIES OF THE SERVICER**

### **SECTION B-2.01. LOAN SERVICING GUIDELINES**

(a) The Servicer shall have full power and authority, acting alone, to do any and all things in connection with such servicing that it may deem necessary or desirable and shall exercise the same degree of care that it exercises with respect to the servicing of the related Mortgage Loans. The Servicer shall service the Second Mortgage Loans in compliance with the FNMA or FHLMC guides. The Servicer shall execute and deliver any and all instruments, documents, and writings necessary to service the Second Mortgage Loans.

(b) The Servicer shall be held harmless for failing to perform any requirements of this Schedule B that conflict with the FNMA or the FHLMC guides.

(c) If the Issuer requests the Servicer to service any new or modified Second Mortgage Loan that will require services that are in addition to or contrary to the servicing duties stated herein or in the Second Mortgage Loan documents, the request must be pre-approved in writing by the Servicer. No Second Mortgage Loans will be included in the Bond issuance governed by the Servicing Agreement without the Servicer's prior written approval. Any additional services approved by the Servicer may require additional servicing fees agreed to by the Issuer.

(d) Services performed by the Servicer for Second Mortgage Loans will be limited to collecting and processing monthly loan payments and calculating and remitting payoff funds. The Servicer shall calculate, accrue, accumulate or collect interest payable on any non-amortizing Second Mortgage Loan. The Servicer shall not be obligated to provide any legal services to secure the Second Mortgage Loan debt by means of foreclosure proceedings on behalf of the Issuer, unless the Issuer and the Servicer, on a loan by loan basis, establish a written agreement for the fees paid by the Issuer and the functions to be performed by the Servicer.

### **SECTION B-2.02. SECOND MORTGAGE LOAN PAYMENT COLLECTION**

(a) In the event of a default of a Second Mortgage Loan, Servicer shall take whatever appropriate action needed to collect the Second Mortgage Loan payments.

(b) The Issuer shall be responsible for the decision whether to join a foreclosure of a Second Mortgage Loan with a foreclosure on the corresponding Mortgage Loan. Upon such joinder by the Issuer, the Issuer shall provide written notification to the Servicer. The Issuer shall bear all costs associated with such joinder, bidding for the property at foreclosure sale and liquidating the acquired property in recovery of its investment.

### **SECTION B-2.03. REMITTANCE OF SECOND MORTGAGE LOAN PAYMENTS**

The Servicer shall collect payments on each Second Mortgage Loan. The Servicer will deposit all payments of principal and interest received on the Second Mortgage Loans in a separate designated trust account for the benefit of the Trustee under the Program and insured by the FDIC. The cutoff date will be the 10th day of each month. If the 10th day falls on a weekend/holiday, the business day prior will be designated as the cutoff date. Servicer shall



remit to the Trustee all payments received on Second Mortgage Loans each month within 5 business days after the cutoff date to an account designated by the Issuer either as the Revenue Account for the Subordinate Bonds or otherwise, and as follows:

(\_\_ Name of Trustee here \_\_)  
ABA \_\_\_\_\_  
A/C \_\_\_\_\_  
A/C \_\_\_\_\_  
Ref A/C \_\_\_\_\_  
Attn \_\_\_\_\_

**SECTION B-2.04. GUIDELINES FOR DEALING WITH DELINQUENCIES**

The Servicer will determine and carry out the most effective form of contact with specific mortgagors during the various stages of delinquency. All collection efforts will be conducted in compliance with applicable state and federal laws and regulations, including any applicable rules or guidelines of FHA, VA, RHS, Fannie Mae, Freddie Mac or GNMA.

**SECTION B-2.05. DELINQUENCY OF MORTGAGOR**

All amortizing Second Mortgage Loans shall require monthly payment according to the terms of the Second Mortgage Loan documents or in accordance with State law. Any late charge shall be calculated in accordance with State law. If full monthly payments of principal, interest and other charges are not paid on or before the first day of the month following the month in which they become due and payable, the Servicer shall notify the mortgagor of such delinquency.

**SECTION B-2.06. TRANSFERS AND ASSUMPTIONS; SUBORDINATIONS**

All Second Mortgage Loans originated under the Program shall not be transferable or assumable and are due and payable in full upon the sale of the property, the refinance or the payoff of the corresponding Mortgage Loan. In the event a Mortgage Loan is refinanced, the Servicer shall not agree to subordinate the corresponding Second Mortgage Loan without the prior written consent of the Issuer.

**SECTION B-2.07. MORTGAGE LOAN DOCUMENTS**

Servicer may retain Second Mortgage Loan documents as directed by the Issuer. Copies of the Second Mortgage Loan documents shall be maintained in accordance with the Servicer's standard policies and procedures.

**ARTICLE B-3. WAREHOUSE OBLIGATIONS OF THE SERVICER**

**SECTION B-3.01. WAREHOUSE OBLIGATIONS**

The Servicer hereby agrees to provide warehouse services for the Issuer with respect to designated Second Mortgage Loans serviced under this Schedule B. The Servicer agrees to warehouse Second Mortgage Loans designated by the Issuer until such time as the Issuer delivers

to the Servicer the purchase price of the designated Second Mortgage Loans. The Issuer has a responsibility to reimburse the Servicer for any and all Second Mortgage Loans purchased by the Servicer under the Program as per Section B-1.03.

**SECTION B-3.02. TERMS OF DESIGNATED SECOND MORTGAGE LOANS**

The Second Mortgage Loans purchased in accordance with this Article B-3 shall bear such terms and conditions as are designated in the loan documents.

[END OF SCHEDULE B]