

NEW MEXICO MORTGAGE FINANCE AUTHORITY
HOMEOWNERSHIP PROGRAMS ("PROGRAMS")
MASTER AGREEMENT
DATED AS OF _____

This Master Agreement ("the Master Agreement") is entered into this _____ day of _____, _____ between "_____" ("Mortgage Lender") and the New Mexico Mortgage Finance Authority ("MFA").

RECITALS:

SECTION 1: DEFINITIONS

"Acquisition Cost" means, with respect to a Mortgage Loan which is not a Qualified Rehabilitation Loan, the cost of acquiring Residential Housing financed with the Mortgage Loan as a completed residential unit, including: (i) all amounts paid, either in cash or in kind, by the mortgagor (or a related party or for the benefit of the mortgagor) to the seller (or a related party or for the benefit of the seller) as consideration for the residence; (ii) the contract price of the land appurtenant to the residence; (iii) if the residence is incomplete, the reasonable cost of completing it, whether or not the cost of completing construction is to be financed with funds made available by the issuance of Bonds; and (iv) if the residence is purchased subject to a ground lease, the capitalized value of the ground rent calculated using a discount rate established by MFA. Acquisition Cost shall not include: (i) settlement or financing costs which exceed the usual and reasonable costs which would be paid by the mortgagor where financing is not provided through the issuance of Bonds; (ii) the value of services performed by the mortgagor or members of his or her family ("family" shall include only the mortgagor's brothers, sisters, spouse, ancestors and lineal descendants) in completing the residence; (iii) non-attached fixtures and other items of moveable personal property included in the contract price of the Residence; or (iv) the cost of land which has been owned by the mortgagor for at least two (2) years prior to the date on which construction of the Residence begins. With respect to a Qualified Rehabilitation Loan, "Acquisition Cost" means the mortgagor's adjusted basis in the Residential Housing financed with the Mortgage Loan, computed in the manner prescribed by MFA.

"Acquisition Cost Limits" means the maximum Acquisition Costs for Existing Housing and New Construction established by MFA from time to time. The Acquisition Cost Limit applicable to Residential Housing financed with a Mortgage Loan is set forth in the Notice of Availability of Funds applicable to each program. Acquisition Cost Limits are subject to change and may be amended by MFA from time to time.

"Affidavit of Purchaser" means, with respect to a Mortgage Loan, the completed affidavit, as amended from time to time, executed by each person who signs the Mortgage.

"Affidavit of Seller" means, with respect to a Mortgage Loan, the completed affidavit, as amended from time to time, executed by the seller of the Residence.

"Authorized Officer" means any person designated as an authorized officer of a Mortgage

Lender.

"Bond Closing Date" means the date on which MFA delivers the Bonds.

"Bond Resolution" means, with respect to a Mortgage Loan, the bond resolution, or resolutions, described in the Compliance Agreement, adopted by MFA with respect to each issue of Bonds, as such resolution or resolutions may be amended from time to time.

"Bonds" means, any of the Tax Exempt Bonds (or Taxable Bonds subject to the same provisions of Tax Exempt bonds) bonds authorized and issued by MFA pursuant to the Bond Resolution, including any refunding bonds.

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

"Co-Borrower" means, with respect to a Mortgage Loan, each person who is expected both to live in the single-family residence being financed with the Mortgage Loan and be personally liable on the Mortgage Loan, directly as signer, guarantor or surety.

"Code" means the Internal Revenue Code of 1986, as amended, and the applicable regulations, whether temporary, proposed or final, promulgated thereunder.

"Commitment" means, with respect to a Mortgage Loan, MFA's or the Master Servicer's commitment to a Mortgage Lender that a Mortgage Loan is eligible to be financed with a portion of funds made available by MFA, evidenced by, and subject to the terms and conditions set forth in, the Compliance Agreement, Mortgage Purchase Agreement and approval letter.

"Commitment Fee" means, with respect to a Mortgage Loan, any fee payable to MFA by a Mortgage Lender to obtain a Commitment for the Mortgage Loan in the amount set forth in the Compliance Agreement.

"Compliance Agreement" means, with respect to a Mortgage Loan, the Compliance Agreement under the respective MFA Program for such Mortgage Loan between MFA or its Master Servicer and a Mortgage Lender which incorporates by reference the Notice of Availability of Funds for the respective MFA program and Reservation Procedures.

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

"Current Annual Household Income" means, with respect to a Household, (i) the sum of all items of current gross monthly income of each member of the Household and each Co-Borrower, including, without limitation, monthly gross pay (i.e. wages, salary, tips) and any additional income from overtime, part-time employment, bonuses, business income, interest and dividends, royalties, social security benefits, annuities, insurance policies, retirement funds and pensions, Veterans

Administration (VA) compensation, net rental income, disability or death benefits, public assistance, sick pay, child support payments (if received), alimony, armed forces income, payments in lieu of earnings such as unemployment and disability compensation, income received from trusts, income and gains received from investments, workers compensation and severance pay, and other income, (ii) multiplied by 12.

"Delivery Package" means the mortgage delivery package described in the Reservation Procedures for the respective MFA program.

"Deputy Director" means a deputy director of MFA.

"Eligible Borrower" means a borrower that has a valid Social Security Number (not a TIN number) and meets the income eligibility guidelines.

"Eligible Mortgage Lender" means a lending institution approved by MFA (and if applicable the Master Servicer) to originate loans under its Programs.

"Eligible Mortgage Loan" means a Mortgage Loan which conforms to all of the applicable terms, conditions, representations and warranties of the Compliance Agreement, including, without limitation, the terms, conditions, representations and warranties in the Program Documents.

"Executive Director" means the executive director of MFA.

"Existing Housing" means, with respect to a residence being financed with a Mortgage Loan, Residential Housing which has been occupied as a Residence prior to the Mortgage Loan Closing.

"Family" means, with respect to a Mortgage Loan, each Mortgagor, each Co-Borrower and any other person who is related to any of the foregoing individuals by blood, marriage or by operation of law and who is expected to live in the Residence being financed with the Mortgage Loan.

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

"Federally Guaranteed" means guaranteed by VA pursuant to the Serviceman's Readjustment Act and applicable regulations thereunder or by RHS pursuant to the Cranston-Gonzales National Affordable Housing Act and applicable regulations thereunder or under RHS market rate Guaranteed Rural Housing Loan Program, as each may be amended from time to time.

"Federally Insured" means insured by FHA under its Section 203(b), 234(c), 223(e), 203(k) or 248 or insured under the HUD 184 programs.

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

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

"Final Mortgage Loan Delivery Date" means, with respect to a Mortgage Loan, the date so designated in the Compliance Agreement which is the final date on which the Mortgage Loan may be delivered for sale to MFA or its designated Master Servicer in satisfaction of the Mortgage Lender's obligations under the Compliance Agreement.

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

"Freddie Mac" means the Federal Home Loans Mortgage Corp. and any agency or instrumentality of the United States of America succeeding to the secondary mortgage market functions thereof.

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

"Household" means, with respect to a Mortgage Loan, a person or a group of persons consisting of each person executing the related Mortgage.

"Income Limits" means the maximum income limits for Small (1-2 persons) and Large (3 or more persons) Families are subject to change and may be amended from time to time. The Income Limit applicable to a Household is set forth in the Notice of Availability of Funds with respect to each issue of Bonds and other MFA programs.

"Master Agreement" means this Master Agreement executed by MFA and an Eligible Mortgage Lender.

"Master Servicer" means the Master Servicer or other Servicers identified in the Notice of Availability of Funds for a bond or other MFA Program issue which have executed the Servicing Agreement with MFA.

"MFA" means the New Mexico Mortgage Finance Authority, a public body politic and corporate, separate and apart from the State, constituting a governmental instrumentality, created by the Act.

"MFA Programs" means any Single Family program that MFA offers to include the MBS HERO, MBS MortgageSaver, HERO DPA, Mortgage Booster DPA, Helping Hand, PaymentSaver and any other program MFA may offer which will be described in the respective NOFA.

"Mortgage" means a mortgage, mortgage deed, deed of trust or other instrument securing a

Mortgage Loan and creating a first or Second lien on: (i) a fee interest in real property located in the State; or (ii) a leasehold on a fee interest which has a remaining term at Closing that exceeds the maturity date of the Mortgage Loan by at least ten (10) years.

"Mortgage Lender" means, with respect to a Mortgage Loan, the lending institution which has executed a Compliance Agreement or Mortgage Purchase Agreement for a Mortgage Loan.

"Mortgage Loan" means a loan of a specified sum of money: (i) made by a Mortgage Lender to a borrower to finance the acquisition or Qualified Rehabilitation of Residential Housing; (ii) evidenced by a Mortgage Note and secured by a Mortgage on Residential Housing; and (iii) offered for purchase to or purchased by MFA's designated Master Servicer pursuant to an Compliance Agreement.

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

"Mortgage Loan Application" means, with respect to a Mortgage Loan, the mortgagor's final Mortgage Loan application on Fannie Mae Form 1003, HUD Form 92900, VA Form 26-1802a or the equivalent.

"Mortgage Loan File" means, with respect to a Mortgage Loan, the documents required to be submitted by a Mortgage Lender to MFA or the Master Servicer to obtain a Commitment in accordance with the Reservation Procedures and MFA's or the Master Servicer's Compliance Review Checklist (as amended from time to time.)

"Mortgage Note" means a promissory note executed by a borrower and co-signer (if applicable) evidencing such borrower's obligation to repay a Mortgage Loan.

"Mortgage Note Rate" means, with respect to a Mortgage Loan, the rate of interest payable on a Mortgage Loan set forth in the Compliance Agreement or Mortgage Purchase Agreement.

"Mortgage Purchase Agreement" means, with respect to a Mortgage Loan, the Compliance Agreement under the respective MFA Program for such Mortgage Loan between MFA or its Master Servicer and a Mortgage Lender which incorporates by reference the Notice of Availability of Funds for the respective MFA program and Reservation Procedures.

"New Construction" means, with respect to a residence being financed with a Mortgage Loan, Residential Housing which has not been occupied as a Residence prior to the Mortgage Loan Closing.

"Notice of Approval" means the written notice to an Eligible Mortgage Lender that it has been approved by MFA to participate in the Single Family Programs. In programs where a Master Servicer is used, Eligible Mortgage Lender must also get approved by the Master Servicer.

"Notice of Funds Availability" means, with respect to a Mortgage Loan, the written Notice of

Availability of Funds, as amended from time to time, which is incorporated by reference into the Compliance Agreement or Mortgage Purchase Agreement for a Mortgage Loan.

"Permitted Fees" means the permitted fees and charges described in a Notice of Availability of Funds.

"Person of Low Income" means a Household whose Current Annual Household Income, calculated in accordance with the program requirements, does not exceed the applicable Income Limit established by MFA.

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

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

"Privately Insured" means, with respect to a Mortgage Loan, insured under an individual Private Mortgage Insurance Policy issued by a Private Mortgage Insurer in an amount required by the Master Servicer.

"Program" means any Single Family Homeownership Program for which MFA has issued a Notice of Funding Availability.

"Qualified Rehabilitation" means the Rehabilitation of any existing building as a Residence if: (i) there is a period of at least twenty (20) years between the date on which the building was first used and the date on which the physical work on such Rehabilitation begins; (ii) in the Rehabilitation process (a) fifty percent (50%) or more of the existing external walls of such building are retained in place as external walls, (b) seventy-five percent (75%) or more of the existing external walls of such building are retained in place as internal or external walls, and (c) seventy-five percent (75%) or more of the existing internal structural framework of such building is retained in place; and (iii) the expenditures for such Rehabilitation are twenty-five percent (25%) or more of the mortgagor's adjusted basis in the completed Residence (including the land on which the Residence is located).

"Qualified Rehabilitation Loan" means a permanent Mortgage Loan the proceeds of which are to be used for: (i) the acquisition of a Residence with respect to which there has been a Qualified Rehabilitation, provided that the mortgagor is the first resident of the Residence after completion of the Qualified Rehabilitation, or the Qualified Rehabilitation of a Residence by a mortgagor who is the current owner of such Residence; and (ii) the refinancing of any prior liens on the Residence in connection with the Qualified Rehabilitation.

"Rehabilitation" means substantial renovation or reconstruction, excluding an increase in living area, of an existing single-family residence, for example, to put such residence in a decent, safe and sanitary condition or to cause such residence to comply with applicable building codes, and shall not include routine or ordinary repairs, improvements or maintenance, such as interior

decorating, remodeling or exterior painting, except in conjunction with other substantial renovation or reconstruction.

"Reservation" means, with respect to a Mortgage Loan, MFA's or the Master Servicer's reservation of a portion of the funds made available by the issuance of Bonds or other funding source to finance a Mortgage Loan made by an Eligible Mortgage Lender.

"Reservation Procedures" means, with respect to a Mortgage Loan, the written procedures for obtaining Reservations and Commitments for Mortgage Loans, as amended from time to time, which are incorporated by reference in the Compliance Agreement and Mortgage Purchase Agreement for such Mortgage Loan.

"Reservation Request" means a request for a Reservation by an Eligible Mortgage Lender.

"Residential Housing" or "Residence" means an owner-occupied, single-family residence located in the State, including a mobile home which is permanently affixed to a foundation, has a minimum of four hundred (400) square feet of living space, and a minimum width in excess of one hundred and two (102) inches, which the mortgagor(s) intend(s) to permanently occupy as his (their) principal residence within sixty (60) days after: (i) the date of the closing of the purchase of the residence, or (ii) in the case of a Qualified Rehabilitation loan where the Qualified Rehabilitation is to be accomplished by the mortgagor, the date of completion of the Qualified Rehabilitation. For purposes of this definition Residential Housing and Residence does not include:

- (a) a residence intended for occupancy by more than one family;
- (b) a residence which has been used as a residence for more than one family, or which could be used as a residence for more than one family; or a residence which has a separate entrance to a section thereof which contains a second kitchen consisting of a sink and cooking facilities in addition to the residence's main kitchen
- (c) a residence more than fifteen percent (15%) of the total area of which is reasonably expected to be used primarily in a trade or business, which is used as a vacation or recreational home, or with respect to which all or any portion of the land acquired with the proceeds of the related mortgage loan is used in any trade or business;

"RHS" means Rural Housing Service of the Department of Agriculture of the United States of America formerly known as FmHA, RHCDS and any agency or instrumentality of the United States of America succeeding to the mortgage guarantee functions thereof.

"Rules and Regulations" means the Rules and Regulations of the New Mexico Mortgage Finance Authority pertaining to Single Family Mortgage Loans, as supplemented or amended from time to time.

"Sole and Separate" means a married spouse is taking title to the property in their name only. MFA allows a borrower to take title in this manner only if the following apply: Spouse is under age

to take title; Spouse does not have a Social Security Number; Spouse has bad credit. However, ALL household income needs to be counted toward the income eligibility.

"State" means the State of New Mexico.

"Targeted Area" means, with respect to a Mortgage Loan, any area within the State identified as such by MFA in a Notice of Availability of Funds. Targeted Areas are subject to change and may be amended by MFA from time to time.

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

SECTION 2: ISSUANCE OF COMMITMENTS

The MFA or Master Servicer will issue Commitments for Mortgage Loans to a Mortgage Lender on the terms and subject to the conditions set forth in this Agreement. The Mortgage Lender will certify to the MFA and/or the Master Servicer the eligibility of Mortgage Loans for financing with proceeds from the respective funding source subject to the conditions contained in the Compliance Agreement or Mortgage Purchase Agreement.

SECTION 3: MORTGAGE LENDER'S DUTIES AND OBLIGATIONS

Mortgage Lender shall have the following duties and obligations with respect to its participation in the Program:

(a) provide information regarding the MFA Programs to potential borrowers including the availability of the program to finance Residences in Targeted Areas;

(b) obtain all documents and information required to process the loans and obtain Commitments, including, but not limited to the documents described in the Reservation Procedures and the MFA's and/or the Master Servicer's Compliance Review Checklist;

(c) review and evaluate borrower's eligibility for the MFA Program(s);

(d) conduct such investigation as is necessary to ensure and certify that Borrowers have satisfied all requirements of the MFA Program, including those imposed by the Code;

(e) fully and completely investigate statements made in any affidavits delivered to the MFA which investigation shall include, without limitation: (i) an examination of the completed and signed federal income tax returns of each person applying for a Mortgage Loan; (ii) to the extent reasonably necessary, an examination of written leases, receipts, and other records pertaining to the previous addresses of each person applying for a Mortgage Loan; (iii) to the extent reasonably necessary, an investigation of employment records of each person applying for the Mortgage Loan; and (iv) such further investigation as MFA shall require or Mortgage Lender

shall determine to be necessary to assure complete compliance with the MFA Program requirements to including those of the Code and this Agreement;

(f) process applications for Mortgage Loans on approved MFA and/or the Master Servicer Forms pursuant to the Reservation Procedures;

(g) promptly notify the MFA if, at any time, it learns of: (i) cash transactions designed to circumvent the applicable Acquisition Cost Limit; (ii) any misrepresentation of a borrower's Current Annual Household Income; (iii) a borrower's failure to occupy the mortgaged property as his principal residence within 60 days of Closing; (iv) a borrower's use of more than fifteen percent (15 %) of the area of the property primarily in a trade or business, or as a vacation or recreational home; or (v) a borrower no longer occupying the residence as borrower's principal residence within six months (or such period as MFA may require) after closing;

(h) comply with all provisions of the Code, the Act, other applicable state law, the MFA's Rules and Regulations, the Reservation Procedures and all other rules or regulations that apply to the respective Program;

(i) promptly forward to MFA all information that it may receive during the term of the Mortgage Loan indicating that a borrower may have made a misrepresentation of fact in connection with his or her application or that may affect the borrower's continued eligibility for the Program;

(j) repurchase a mortgage loan the Mortgage Lender sells to MFA or the Master Servicer which is not an Eligible Mortgage Loan. Any Second Mortgage Loan shall be repurchased by the Mortgage Lender upon the First Mortgage being repurchased. The First and Second Mortgage Loans shall also be repurchased in the event the First Mortgage Program Loan or the Second Mortgage Loan goes into first payment default or becomes delinquent within nine months of origination or are subsequently deemed to be ineligible. Repurchase will be requested at MFA's sole discretion. Repurchase requirements are outlined in MFA's Notice of Funds Availability and Master Servicer requirements as updated from time to time.

SECTION 4: ELIGIBLE BORROWERS AND PROPERTY

The MFA and/or Master Servicer will issue Commitments only with respect to Mortgage Loans which meet the program requirements to include the following requirements on Loans:

4.01 Income Limits. The borrower's Current Annual Household Income does not exceed the Program Income Limits as specified in the Notice of Availability of Funds.

4.02 First Time Home-Buyer. The borrower has not had an ownership interest in any principal residence (other than a mobile home that was not permanently affixed to a foundation on real property so as to constitute real property) at any time during the three-year period ending on the date the Mortgage is executed; provided, however, that this requirement shall not apply if

the property financed by the Mortgage Loan is located in a Targeted Area or if the Mortgage Loan used to acquire the residence is a Qualified Rehabilitation Loan, or The First Time Home-Buyer requirement is not required by the program.

4.03 Acquisition of Residential Housing. The Mortgage Loan must be made to finance the acquisition or Qualified Rehabilitation of Residential Housing.

4.04 Acquisition Cost Limits. The Acquisition Cost of the Residence does not exceed the Acquisition Cost Limit.

4.05 Loan Amount. The maximum principal amount of the First Mortgage Loan (exclusive of amounts loaned to finance mortgage insurance or guarantee fees) does not exceed the Acquisition Cost of the Residence.

4.06 Qualified Mortgage Loan. The Mortgage Loan is a Qualified Mortgage Loan.

SECTION 5: FEES

5.01 Discount Points and Origination Fee. The Maximum amounts a Mortgage Lender may charge as discount points and origination fees in connection with each Mortgage Loan are specified in the respective Compliance Agreement or Mortgage Purchase Agreement and applicable Notice of Availability of Funds.

5.02 Other Fees. Mortgage Lender may charge borrower reasonable fees for processing the Mortgage Loan; provided, however, that Mortgage Lender may not charge any fee in connection with the Mortgage Loan in excess of the fee that would be charged to a potential borrower applying for a similar mortgage loan (FHA, FNMA, RHS, VA, etc.) not provided in connection with MFA's Program(s). Fees may also be restricted with each Notice of Funds Availability.

SECTION 6: INSPECTION OF BOOKS AND RECORDS

The MFA and its agents shall have the right to examine and inspect the Mortgage Lender's books and records relating to any Mortgage Loan originated in connection with the MFA Program. Mortgage Lender shall grant MFA and its agents access to such books and records during normal business hours upon MFA's request.

SECTION 7: PAYMENT OF COSTS AND EXPENSES

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

SECTION 8: TARGETED AREAS

Mortgage Lender shall use reasonable efforts to market Mortgage Loans in Targeted Areas, including: (i) cooperating with the MFA in its efforts to advertise availability of Mortgage Loans for Residences located in Targeted Areas; and (ii) reproducing and displaying in its office locations that service Targeted Areas, placards, announcements and explanatory materials prepared by MFA describing the availability of Targeted Area Mortgage Loans. The MFA shall publish a list of Targeted Areas in Notices of Availability of Funds and shall notify the Mortgage Lender of any changes in Targeted Areas.

SECTION 9: MORTGAGE LENDER'S REPRESENTATIONS AND WARRANTIES

Mortgage Lender represents and warrants to the MFA as follows:

9.01 Eligible Mortgage Lender. Mortgage Lender is an Eligible Mortgage Lender as defined in the MFA's Rules and Regulations and the Program Documents;

9.02 Due Organization. Mortgage Lender is duly organized, validly existing and in good standing under the laws of the state of its organization and has the power and authority to own its properties and carry on its business as now being conducted and is duly qualified to do such business wherever such qualification is required;

9.03 Legal Authority. Mortgage Lender and its agents, officers, employees and other personnel acting on its behalf have full legal authority to engage in the transactions contemplated hereby and compliance with the terms, conditions and provisions hereof will not conflict with or result in a breach or default of any of the terms, conditions or provisions of the charter or bylaws of the Mortgage Lender or any agreement or instrument to which the Mortgage Lender is now a party or by which it is bound;

9.04 Rules and Regulations. Mortgage Lender is familiar with the MFA Programs, the Code, the Act, all provisions of state law applicable to the Program, the MFA's Rules and Regulations and all other rules or regulations applicable to the Program;

9.05 Documents. Each copy of a document delivered to or submitted for inspection by MFA or the Master Servicer in connection with any application for a Mortgage Loan in connection with the Program will be a true, correct and complete copy of the original thereof or the original document if requested.

SECTION 10: CONTINUING NATURE OF REPRESENTATIONS, WARRANTIES, AND COVENANTS

Mortgage Lender's representations, warranties, covenants and agreements set forth in this Agreement shall survive the closing and delivery of each Mortgage Loan, and MFA's and/or the Master Servicer purchase of the loan.

SECTION 11: GOVERNING LAW

This Agreement shall be governed by and construed in accordance with the laws of the State and applicable federal law.

SECTION 12: WAIVER OF AMENDMENT OF PROVISIONS OF AGREEMENT

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

SECTION 13: SUCCESSORS

Assignment of Agreement. Mortgage Lender shall not assign, transfer, pledge or encumber any of its rights, or delegate any of its duties, under this Agreement without the prior written consent of MFA. No consent to any assignment, pledge, transfer or encumbrance shall be deemed to release the Mortgage Lender from any of its obligations under this Agreement or to constitute a novation of this Agreement unless otherwise expressly provided in such consent by MFA.

SECTION 14: MORTGAGE LENDER TO UTILIZE PROPER BUSINESS PRACTICES AND EMPLOY COMPETENT PERSONNEL

Mortgage Lender shall at all times conduct its business utilizing proper and acceptable business practices and standards and shall employ and maintain qualified personnel to receive, process and administer applications for Mortgage Loans under the MFA Program(s) and to carry out its obligations arising under this Agreement.

SECTION 15: PROMOTION

Mortgage Lender shall use reasonable efforts to market the MFA Program(s) subject to the following requirements:

(i) any advertisements which reference MFA's trade name(s), program(s), or interest rates must include MFA's logo and the following statement:

Mortgage Loans under the MFA's Programs are available to all qualified individuals and families, regardless of race, color or creed, throughout New Mexico from participating lenders on a first-come, first-served basis. Whether a particular applicant qualifies for an MFA program depends on, among other requirements, his or her family's income level, the price of the residence and, for some programs, whether the applicant has owned a home within the prior three year period. No builder, Realtor® or financial institution has exclusive rights to this program. Information on all MFA programs may be obtained only through

participating lenders or from the MFA at 1-800-444-6880 (outside Albuquerque), and 843-6880 (in Albuquerque).

(ii) If an advertisement is distributed through a radio or television broadcast, this notice must be oral and read at the same speed as the advertised message. If the advertisement is distributed through print media, the type can be no smaller than 25% of the largest print type that refers to the MFA, the program or the interest rate.

SECTION 16: NOTICES AND REQUESTS

Unless otherwise required, all notices and requests to the MFA and Mortgage Lender pursuant to this Agreement shall be in writing and shall be deemed given or received when mailed, by certified or registered mail, postage prepaid, addressed to MFA at 344 4th Street, SW, Albuquerque, New Mexico 87102 and to the Mortgage Lender at the address shown below or at such other place as either party may designate by notice to the other or may be sent by electronic mail provided that confirmation of receipt of the message is obtained.

SECTION 17: JURISDICTION AND VENUE

Mortgage Lender hereby submits to the jurisdiction of the District Courts of the State in any action or proceeding arising out of, or as a result of, this Agreement, or the alleged or anticipated breach of any of the provisions, representations or warranties contained in this Agreement and waives any objection to venue in such action being placed in such county in the State as MFA may select.

SECTION 18: TERM

The term of this Agreement shall begin on _____ (Approval Date for Master Agreement). Annual certifications will be required and due each year on September 1. This Agreement will be renewed annually upon certification. If the Mortgage lender fails to comply with the agreement or to certify, this Master Agreement will be cancelled.

SECTION 19: TERMINATION

Either party may terminate this Agreement upon sixty (60) days written notice to the other party provided that the termination of this Agreement shall not affect Mortgage Loans already purchased by MFA and/or the Master Servicer.

SECTION 20: HEADINGS AND TITLES

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

SECTION 21: COMPLIANCE AGREEMENT

Prior to issuance of each Commitment with respect to a Mortgage Loan, the Mortgage Lender shall execute and deliver to MFA and/or the Master Servicer, a Compliance Agreement, as amended from time to time.

SECTION 22: INDEMNIFICATION

Mortgage Lender shall indemnify and hold MFA harmless from and against all losses, damages, judgments and expenses (including reasonable attorneys' fees) resulting from any breach of Mortgage Lender's representations and warranties or its failure to perform any obligations contained in this Agreement.

SECTION 23: SEVERABILITY

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

SECTION 24: FINANCIAL STATEMENT

The Mortgage Lender shall submit to MFA the Mortgage lender's fiscal year-end audited financial statements and a report as of the date of audit from the Mortgage lender's independent certified public accountants stating that such accountants have made an examination of the Mortgage lender's records and documents, including those relating to Mortgage Loans serviced for MFA (if any), in accordance with the most correct requirements of the Uniform Single Audit Program for Mortgage Bankers and that the examination embraced the documents held by the Mortgage lender with respect to Mortgage loans serviced for MFA. The report shall be submitted to MFA annually by September 1 and shall not be more than 6 months dated. MFA, in its sole discretion and upon receipt of written application from Mortgage lenders, may waive the independent certified public accountants' report requirement if the Mortgage lender is supervised and examined by a state or federal regulatory agency.

The Mortgage lender shall submit to MFA, upon request, such other financial statements, financial reports, call reports (if applicable), and financial reports filed with FNMA or FHLMC, as MFA may require.

SIGNED:

(Mortgage Lender

Address:

By:

(Signature)

(Signature)

(Typed Name of Signer)

Its:

New Mexico Mortgage Finance Authority
344 Fourth Street, SW
Albuquerque, New Mexico 87102

By:

(Signature)

(Date)

(Typed Name of Signer)

Its: