

**Lender Participation Agreement
Redevelopment Agency of the City of San Jacinto
Down Payment Assistance Program**

This Lender Participation Agreement (“Agreement”) is made and entered into as of the _____ day of _____, 2011 by and between the Redevelopment Agency of the City of San Jacinto, a public body corporate and politic, (“Agency”) and _____ (“Participating Lender”), for the purpose of providing first-time home buyers with mortgage financing who are also eligible to receive grant funds as part of the Agency’s Down Payment Assistance Program (“DPAP”).

Section 1. The Term of this Agreement shall be from the date of execution to June 30, 2012 at which time this Agreement shall expire by its own terms unless otherwise terminated earlier by the respective parties.

Section 2. Representations and Warranties. The Participating Lender hereby covenants and represents to the Agency as follows:

- a) The Participating Lender is a duly organized and existing corporation, partnership or sole proprietorship currently in good standing. The lender will hold all appropriate licenses required by federal, state or local laws, rules and regulations and be licensed to do business in the City of San Jacinto.
- b) The Participating Lender has received instructions and documents regarding the DPAP and is familiar with the unique underwriting requirements of said program as administered by the Agency.
- c) Participating Lenders shall demonstrate a commitment to the Community Reinvestment Act and to affirmative marketing requirements including, but not limited to, providing bi-lingual (Spanish-speaking) staff in all participating branches and marketing to minority and low to moderate-income groups.
- d) Participating Lenders shall provide application assistance with minimum inconvenience to the Grantee. Application assistance shall be provided at a time and place convenient to the Grantee. This may include evenings, weekends, and travel throughout Riverside County.
- e) Participating Lenders shall have demonstrable experience in administering a first-time homebuyer program. Participating Lenders shall provide no less than three (3) references from other Southern California cities or counties as evidence of the Lender’s knowledge and experience.
- f) The selection of participating lenders shall be at the sole discretion of the Agency. The Agency reserves the right to limit the number of approved participating lenders.
- g) Participating Lender must be a direct lender with the ability to originate and service loans. Loan brokers are not eligible to act as a Participating Lender. Direct lenders are those organizations having staff capable of underwriting loans, and a valid contract with

FNMA or Freddie Mac allowing for the sale of mortgages pursuant to the Community Partnership Program (CPP).

- h) The Participating Lender acknowledges that funding for DPAP can only be used in conjunction with a fully amortized, fixed-rate, 30-40 year first mortgage, for acquisition of a home to be occupied by first-time home buyers (or applicant who has not owned a home within the past three years) as their primary residence, and that said DPAP applicants must accept the highest fixed rate loan for which they qualify in order to minimize the burden on Agency resources.
- i) The Participating Lender agrees that prior to requesting a reservation of DPAP grant funds, that sufficient investigation will have been performed to determine the eligibility of the applicant to qualify and participate in DPAP.
- j) Participating Lender is aware that a commitment of funds does not constitute grant approval or guarantee by the Agency to disburse funds; but only reserves said funds to be used in conjunction with the approval and funding of the mortgage as indicated in the escrow instructions.
- k) The Participating Lender acknowledges that a true and correct copy of the “FNMA Transmittal Summary Form 1008,” or a true and correct copy of the “FHA Mortgage Credit Analysis Worksheet, Form 92900-WS,” must be submitted to the Agency, with the document entitled “First Mortgage Participating Lender’s Certification of First Mortgage Loan Approval”, before the Agency will take action on any grant allocation. The approval or denial of a DPAP loan will be at the sole discretion of the Agency.
- l) Participating Lender agrees that after DPAP funds are reserved for an Applicant that Participating Lender will advise Agency immediately in the event that the Applicant is determined to be **ineligible** for participation in DPAP or fails to qualify for a first mortgage loan.
- m) The Participating Lender agrees that, its officers, employees, and agents, shall not discriminate against, or segregate any person, or group of persons, based on marital status, gender, race, color, religion, creed, national origin or ancestry from participation in the DPAP.
- n) The Participating Lender acknowledges that the Agency will administer and carry out DPAP in conformity with all applicable State and Federal laws and regulations pertaining to fair housing and equal opportunity. The Participating Lender agrees to comply with all County, State and Federal laws relating to fair housing and equal opportunity.
- o) The Participating Lender acknowledges and agrees that DPAP is funded through the Agency’s use of Redevelopment Low and Moderate-Income Housing Funds, which requires the Agency’s compliance with California Health & Safety Code section 33000 et seq., California Health & Safety Code sections 50052.5 and 50093, and Title 25 of the California Code of Regulations for the Agency’s use of Redevelopment Low and Moderate-Income Funds and for the Agency’s determination of applicant eligibility.

Section 3. The Participating Lender agrees to indemnify and hold harmless the Agency, its officers, employees, volunteers and agents, against any and all losses, claims, damages, liabilities and expenses, including attorneys' fees, arising from any act or omission of the Participating Lender or any of its agents, employees or licensees due to the failure on the part of the Participating Lender to abide by the requirements of DPAP or the provisions of this Agreement. In the event that any action or proceeding is brought against the Agency, its officers, employees, volunteers or agents, with respect to which indemnity may be sought hereunder, the Participating Lender, upon written notice from the Agency, shall assume the investigation and defense thereof, including the employment of counsel satisfactory to the Agency and the payment of all expenses related thereto; provided, however, that the Agency shall have the right to review and approve or disapprove any compromise or settlement in connection with any such claim brought against it or proceeding to which it is a party.

Section 4. The Participating Lender acknowledges that the Agency will not reserve exclusively for the Participating Lender any portion of any Agency appropriation, and that the Agency shall have no liability or responsibility for any expenses incurred by the Participating Lender in connection with the Participating Lender's participation in DPAP.

Section 5. This Agreement shall be governed by the laws of the State of California, and constitutes the entire agreement, and supersedes any prior agreements and understandings, both written and oral, with the Participating Lender with respect to DPAP.

Section 6. This Agreement may not be assigned by the Participating Lender without the prior written consent of the Agency.

Section 7. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 8. This Agreement shall remain in full force and effect until June 30, 2012 unless otherwise terminated earlier by the respective parties. The Participating Lender may terminate this Agreement, without cause, upon sixty (60) day's written notice to the Agency. The Agency may immediately terminate this Agreement and prohibit the Participating Lender from participation in DPAP upon the Participating Lender's failure to comply with the terms and conditions of this Agreement and upon written notice by the Agency. No amendment to this Agreement shall be effective unless in writing and signed by both parties hereto.

Section 9. Any notice required or desired to be served by either party upon the other shall be addressed to the respective parties as set forth below. In the event that the Participating Lender, including branch offices listed in Exhibit "A," which is attached hereto and incorporated herein, moves or changes its address or telephone number, the Participating Lender shall notify the Agency in writing, as soon as possible, of the new information.

To Agency:
REDEVELOPMENT AGENCY OF
THE CITY OF SAN JACINTO

To Participating Lender:
[INSERT NAME OF LENDER]

Attention: Timothy Hults,
Executive Director
595 S. San Jacinto Avenue
San Jacinto, CA 92583

Section 10. When executed by the qualified corporate officer of the Participating Lender, as listed in Section 9 above, this Agreement shall authorize and be binding upon the branch offices of the Participating Lender that are located in or serving Riverside County as listed in Exhibit "A."

Section 11. The undersigned certifies that, under penalty of perjury, he or she is authorized to sign this Agreement on behalf of the Participating Lender. This Agreement shall not be effective unless and until the Participating Lender provides a corporate resolution or other documentation satisfactory to the Agency showing that the undersigned has the authority to sign this Agreement on behalf of the Participating Lender.

[SIGNATURES ON FOLLOWING PAGE]

SIGNATURE PAGE TO PARTICIPATING LENDER PARTICIPATION AGREEMENT

PARTICIPATING LENDER

AGENCY

**REDEVELOPMENT AGENCY OF THE
CITY OF SAN JACINTO, a public body,
corporate and politic**

Name of Firm

By: _____
Timothy Hults, Executive Director

Type Name of Authorized Person

Dated: _____

By: _____
Signature of Authorized Person

Dated: _____

EXHIBIT "A" to
Participating Lender Participation Agreement

CORPORATE OFFICE

Contact Person: _____
Participating Lender: _____
Address: _____

Email: _____
Telephone: _____
FAX: _____

BRANCHES SERVING CITY OF SAN JACINTO

Branch 1:
Contact Person: _____
Participating Lender: _____
Loan Officer: _____
Loan Underwriter: _____
Address: _____

Email: _____
Telephone: _____
FAX: _____

BRANCHES SERVING CITY OF SAN JACINTO (CONTINUED)

Branch 2:

Contact Person: _____

Participating Lender: _____

Loan Officer: _____

Loan Underwriter: _____

Address: _____

Email: _____

Telephone: _____

FAX: _____

Branch 3:

Contact Person: _____

Participating Lender: _____

Loan Officer: _____

Loan Underwriter: _____

Address: _____

Email: _____

Telephone: _____

FAX: _____