

APPENDIX B

MCC LENDER APPROVAL CHECKLIST

Please provide the following items to Riverside County EDA in conjunction with your application for MCC corporate approval. **All items are required, regardless of previous corporate approved status with the EDA programs.**

Items that require original, wet signatures should be mailed to:

Riverside County EDA
5555 Arlington Avenue
Riverside, CA 92504
Attention: Bernadette Cruz

Lender Participation Agreement

- Lender Participation Agreement filled out completely
- Lender Participation Agreement with wet signature of Authorized Corporate Signer
- Copy of Corporate Resolution Documenting Authorized Signer (*Resolution should either be specific to the signing of the EDA Agreement or apply to agreements in general*)
- Copy of State of California Department of Corporations License Certificate (*DRE license is not acceptable in lieu*)
- If Company is FSB or NA, letter on company letterhead stating which applies, with authorized signature. Copy of State of California Department of Corporations License Certificate is not required for Lenders who are FSB or NA.
- If Lender is "Doing Business As" submit copy of the DBA statement or assumed name certificate filed with the State or the County (*public notices are not acceptable documentation in lieu*)

Exhibit A (only if needed)

Needed only for loan officers who attended the current year's annual lender training but have not already submitted an Exhibit A. Please do not submit an Exhibit A for LOs who have not attended the current year's annual lender training.

- Exhibit A filled out completely
- Exhibit A with Branch Manager's wet signature
- At least one Loan Officer designated as a participating agent

For questions or more information please contact Bernadette Cruz

Phone: 951-343-5470

E-mail: bcruz@rivcoeda.org

Riverside County Economic Development Agency
Mortgage Credit Certificate Program
5555 Arlington Avenue
Riverside, CA 92504
(951) 343-5469
(951) 352-4852 FAX

**MORTGAGE CREDIT CERTIFICATE
LENDER PARTICIPATION AGREEMENT**

This MORTGAGE CREDIT CERTIFICATE LENDER PARTICIPATION AGREEMENT ("Agreement") is made and entered into as of the ____ day of _____, 20____ by and between the COUNTY OF RIVERSIDE, a political subdivision of the State of California, (hereinafter referred to as the "County"), and _____ (hereinafter referred to as the "Lender").

WITNESSETH:

WHEREAS, the Tax Reform Act of 1986 established the Mortgage Credit Certificate Program (hereinafter referred to as the "MCC Program") as a means of assisting qualified individuals with the acquisition of new and existing single family housing; and

WHEREAS, pursuant to Division 31, Part 1, Chapter 3.5, Article 4 of the California Health and Safety Code Sections 50197 et seq, local issuers are authorized to issue Mortgage Credit Certificates (hereinafter referred to as "MCC's") and administer MCC Programs; and

WHEREAS, by Resolution 87-564 adopted December 22, 1987, the Board of Supervisors of the County established a Mortgage Credit Certificate Program; and

WHEREAS, the Board of Supervisors of the County has authorized the Riverside County Economic Development Agency (hereinafter referred to as the "EDA") to administer the MCC Program pursuant to the applicable federal, state and local policies and procedures, and to enter into those agreements necessary for efficient administration of the MCC Program; and

WHEREAS, the County has applied to the California Debt Limit Allocation Committee for a mortgage credit certificate allocation, with the most recent allocation approved by the State of California on March 21, 2012, by Resolution No. 12-015; and

WHEREAS, the Lender is licensed to do business in the State of California as a direct lender; and

WHEREAS, the Lender wishes to participate in the MCC Program administered by the County in connection with mortgage loans it will make available for the acquisition of new and existing single-family housing in Riverside County.

NOW, THEREFORE, in consideration of the promises set forth herein, the parties agree as follows:

LENDER'S RESPONSIBILITIES

1. The County hereby designates the Lender as its non-exclusive agent for the receipt and processing of applications for MCC's under the MCC Program.

2. The Lender shall make information regarding the MCC Program available to all potential borrowers who qualify for the MCC Program. The Lender will process and review the application for any potential borrower in order to determine eligibility for the MCC Program. Lender shall treat all borrowers fairly, and all potential and actual borrowers shall receive a full and accurate explanation about the MCC Program and the potential for recapture.
3. The Lender shall obtain from the potential borrower all documents and information required for the application and receipt of a MCC as directed by the County.
4. The Lender shall perform all investigation and verification that it would normally perform for underwriting a mortgage not provided in connection with a MCC.
5. The Lender shall conduct such reasonable investigation as is necessary to certify that the applicant has satisfied all requirements of the MCC Program, including those imposed by temporary and permanent regulations issued pursuant to the Internal Revenue Code and the County's eligibility requirements as specified in the MCC Program Handbook.
6. The Lender shall charge a potential borrower applying for a MCC only those reasonable fees as would be charged a potential borrower applying for a mortgage not provided in conjunction with a MCC.
7. Notwithstanding the provisions of Section 6 above, the Lender shall charge a nonrefundable application fee of \$300.00 for each MCC, to be paid to the County with the initial MCC submission. In addition, the Lender may charge up to \$100.00 for the Lender's processing of the MCC application. These fees may be paid by any person or party.
8. The Lender hereby agrees that it will immediately forward to the County any information which it may receive during the term of the mortgage loan that indicates that an applicant made a misrepresentation in applying for an MCC or that may affect the potential or actual borrower's continued eligibility for a MCC.
9. The Lender hereby agrees that it will immediately notify the County upon cancellation or rejection of a loan or determination of ineligibility for any borrower who has applied to the County for a MCC and has received a commitment from the County to issue the MCC (hereinafter referred to as the "MCC Commitment"). In this event, the MCC Commitment shall be canceled by the County.
10. Lenders must notify all potential and actual borrowers of the availability of the MCC Program regardless of whether or not the borrower needs the MCC to qualify for a loan.
11. Lenders are responsible for assuring that all of their loan processing personnel understand the parameters of the MCC Program and are aware of the Lender's responsibilities under this Agreement.
12. The Lender and its participating branches hereby acknowledge and agree to actively

participate in the County's MCC Program in order to maintain active status in the program. A minimum of one (1) MCC issued during the three (3) month period following the Effective Date of this Agreement shall constitute active participation. A Lender that fails to meet active participation will be put on notice and removed from the County's Participating Lender's List if an MCC is not issued during the following three (3) month period following the date of the notice. The inactive lender will be excluded from further participation in the MCC Program for a period of six months from the date of removal from the County's Participating Lender's List ("Suspension Period"). A Lender that wishes to further participate after the Suspension Period must re-submit all documentations and sign a new Lender Participation Agreement. Any Lender that has been suspended more than two times in a period of two (2) years will be disallowed to participate in any County or Housing Authority of the County of Riverside down payment assistance type of programs such as, but not limited to, First Time Home Buyer (FTHB) Program or others for a period of five (5) years.

13. The Lender and all its participating branches acknowledge and agree to uphold the quality standards of the MCC Program and to meet its obligation as a signatory to the Statement of MCC Quality Commitment as shown in Exhibit "A" which is attached hereto and by this reference incorporated herein.
14. Lender shall not delegate or assign any interest in this Agreement, whether by operation of law or otherwise, without the prior written consent of County.

CONDUCT OF LENDER

15. Lender covenants that it presently has no interest, including, but not limited to, other projects or contracts, and shall not acquire any such interest, direct or indirect, which would conflict in any manner or degree with Lender's performance under this Agreement. Lender further covenants that no person or subcontractor having any such interest shall be employed or retained by Lender under this Agreement. Lender agrees to inform the County of all Lenders' interests, if any, which are or may be perceived as incompatible with the County's interests.
16. Lender shall not, under circumstances which could be interpreted as an attempt to influence the recipient in the conduct of his/her duties, accept any gratuity or special favor from individuals or firms with whom Lender is doing business or proposing to do business, in accomplishing the work under this agreement.
17. Lender or its employees shall not offer gifts, gratuity, favors, and entertainment directly or indirectly to County employees.

TERM OF AGREEMENT

18. The term of this Agreement shall commence on the Effective Date and terminate on June 30, 2017, unless terminated sooner.

EFFECTIVE DATE

19. The effective date of this Agreement is the date the parties sign the Agreement (“Effective Date”). If the parties sign the Agreement on more than one date, then the last date the Agreement is signed by a party shall be the effective date.

TERMINATION

20. County may terminate this Agreement without cause upon 30 days written notice served upon Lender stating the extent and effective date of termination.
21. County may, upon five (5) days written notice, terminate this Agreement for Lender’s default, if Lender refuses or fails to comply with the terms of this Agreement or fails to make progress so as to endanger performance and does not immediately cure such failure. In the event of such termination, the County may proceed with the work in any manner deemed proper by County.
22. After receipt of the notice of termination, Lender shall:
 - a. Stop all work under this Agreement on the date specified in the notice of termination; and
 - b. Transfer to County and deliver in the manner as directed by County any materials, reports or other products which, if the Agreement had been completed or continued, would have been required to be furnished to County.
23. Lender’s rights under this Agreement shall terminate upon dishonesty or a willful or material breach of this Agreement by Lender; or in the event of Lender’s unwillingness or inability for any reason whatsoever to perform the terms of this Agreement.
24. The rights and remedies of the County provided in this section shall not be exclusive and are in addition to any other rights and remedies provided by law or this Agreement.

RECORDS, REPORTS, ACCESS

25. The Lender shall file any and all reports required to be filed with the Internal Revenue Service and shall maintain all records required to be maintained by it pursuant to Section 25 of the Internal Revenue Code of 1986 as amended from time to time and any regulations thereunder.
26. Authorized County representatives shall have the right to monitor, assess and evaluate the Lender’s performance.
27. Lender shall make available, upon written request by any duly authorized Federal, State or local agency, a copy of this Agreement and such books, documents and records as are necessary to certify the nature and extent of Lender’s costs related to this Agreement. All such books, documents and records shall be maintained by Lender for at least five years following termination of this Agreement and be available for audit by the County. Lender shall provide to the County reports and information related to this Agreement as requested by County.

COMPLIANCE WITH LAWS AND REGULATIONS

28. The Lender warrants that it is familiar with the Internal Revenue Code and all temporary and permanent regulations issued pursuant thereto applicable to the MCC Program as

well as all provisions of state law applicable to the MCC Program and the requirements established by the County, including, but not limited to, the MCC Program Policies and Procedures Handbook.

29. The Lender hereby agrees to comply with all provisions of applicable federal, state and local law, regulations and guidelines.

HOLD HARMLESS AND INDEMNIFICATION

30. Lender shall indemnify and hold harmless the County of Riverside, its Agencies, Districts, Special Districts and Departments, their respective directors, officers, Board of Supervisors, elected and appointed officials, employees, agents and representatives (individually and collectively hereinafter referred to as Indemnitees) from an liability whatsoever, based or asserted upon any services of Lender, its officers, employees, subcontractors, agents or representatives arising out of or in any way relating to this Agreement, including but not limited to property damage, bodily injury, or death or any other element of any kind or nature whatsoever arising from the performance of Lender, its officers, employees, subcontractors, agents or representatives Indemnitors from this Agreement. Lender shall defend, at its sole expense, all costs and fees including, but not limited, to attorney fees, cost of investigation, defense and settlements or awards, the Indemnitees in any claim or action based upon such alleged acts or omissions.

With respect to any action or claim subject to indemnification herein by Lender, Lender shall, at their sole cost, have the right to use counsel of their own choice and shall have the right to adjust, settle, or compromise any such action or claim without the prior consent of County; provided, however, that any such adjustment, settlement or compromise in no manner whatsoever limits or circumscribes Lender's indemnification to Indemnities as set forth herein.

Lender's obligation hereunder shall be satisfied when Lender has provided to County the appropriate form of dismissal relieving County from any liability for the action or claim involved.

The specified insurance limits required in this Agreement shall in no way limit or circumscribe Lender's obligations to indemnify and hold harmless the Indemnities herein from third party claims.

In the event there is conflict between this clause and California Civil Code Section 2782, this clause shall be interpreted to comply with Civil Code 2782. Such interpretation shall not relive the Lender from indemnifying the Indemnities herein from third party claims.

NOTICES AND CONTACT PERSON

31. Any notice required or desired to be served by either party upon the other shall be addressed to the respective parties as set forth in Section 24. In the event that the Lender moves or changes its address or telephone number, the Lender shall notify the County in writing, within 15 business days, of the new information.
32. The Lender shall designate one person to serve as the Lender's Contact Person for the MCC Program.

The Contact Person's responsibilities include:

- a) submitting Form 8329 to the IRS for any MCC's issued for all borrowers from the Lender for the calendar year; and
- b) updating information provided by County available to all MCC-related personnel in a timely manner; and
- c) notifying County, within 15 business days, of any reassignment regarding their role as Contact Person.

Contact Person for the Lender shall be:

Name: _____
Address: _____
Telephone: _____
FAX: _____
E-Mail Address: _____

Contact Person for the County shall be:

Name: Heidi Marshall, EDA Assistant Director
Address: 5555 Arlington Avenue, Riverside, CA 92504
Telephone: (951) 343-5469
FAX: (951) 352-4852
E-Mail Address: hmarshall@rivcoeda.org

ADMINISTRATION/CONTRACT LIASON

33. The Assistant County Executive Officer of the Economic Development Agency, or designee shall administer this Agreement on behalf of the County.

LENDER'S AUTHORIZED AGENT

34. In addition to the Lender's Contact Person, the Lender shall designate authorized agents (collectively hereinafter referred to as "Agent").

a) Submitting Agent's Name.

- i) The MCC officer for the MCC Lender Participating Branch, who is identified in Exhibit A, shall submit in writing the name of the Agent to County after the Agent completes the required EDA training session.
- ii) County will place the Agent on EDA's Participating Lender's list, which is made available to the public and provided on EDA's website.
- iii) The Agent's name shall be submitted to County at the address identified in Section 24 herein.

b) Agent's Responsibilities. The Agent will be responsible for the following:

- i) Submitting complete MCC applications to EDA.
- ii) Attending the EDA required training sessions.
- iii) Submitting complete closing documents to EDA within the time specified in the MCC Program guideline.
- iv) Maintaining Active Status as defined in Section 25(c)(i) below.

c) Agent's Active Participation.

- i) In order to ensure the Lender's Statement of MCC Quality Commitment, within three (3) months of the MCC Officer submitting the Agent's name to the County, Agent shall submit one complete MCC package to EDA resulting in EDA issuing a MCC Certificate ("Active Participation").
- ii) An Agent who fails to achieve Active Participation will be put on notice and removed from the EDA's Participating Lender's List if an MCC is not issued during the following three (3) month period from the date of the notice. The inactive Agent will be excluded from further participation in the Homeownership Programs for a period of six months from date of removal.
- iii) After the six months suspension period, Agent may participate after repeating the EDA required training session, as long as the Lender is still in the active status as defined in Section 12 of this Agreement.

ENTIRE AGREEMENT

35. This Agreement, including any attachments or exhibits, constitutes the entire Agreement of the parties with respect to its subject matter and supersedes all prior and contemporaneous representations, proposals, discussions and communications, whether oral or in writing. This Agreement may be changed or modified only by a written amendment signed by authorized representatives of both parties.

SECTION AND PARAGRAPH HEADINGS

36. Captions of the sections and paragraphs of this Agreement are for convenience and reference only, and the words contained therein shall in no way be held to explain, modify, amplify or aid in the interpretation, construction or meaning of the provisions of this Agreement.

AUTHORITY TO EXECUTE

37. The undersigned certifies that, under penalty of perjury, he or she is authorized to sign this agreement on behalf of the Lender. This Agreement shall not be effective unless and until the Lender provides a corporate resolution or other documentation satisfactory to the County showing that _____ (the person signing this Agreement) has the authority to sign this Agreement on behalf of the Lender.
38. This Agreement shall have no force or effect whatsoever unless and until it is signed by all of the undersigned parties. Once signed by all of the undersigned parties, this Agreement shall authorize and be binding upon the branch offices of Lender that are located in or serving Riverside County.

NO AGENCY RELATIONSHIP

39. Nothing contained in this Agreement shall be deemed or construed by the parties or by any third person to create the relationship of principal and agent or of partnership or of joint venture or of association between County and Lender.

AMENDMENTS OR MODIFICATIONS

40. No amendments or modifications of any of the provisions of this Agreement shall be binding unless in writing and signed by both County and Lender.

ASSIGNMENT

41. Lender shall not assign any interest in this Agreement, and shall not transfer any interest in the same, whether by assignment or novation, without the prior written consent of the County.

WAIVER

42. Any waiver by County of any breach of any one or more of the terms of this Agreement shall not be construed to be a waiver of any subsequent or other breach of the same or of any other term of this Agreement. Failure on the part of County to require exact, full and complete compliance with any terms of this Agreement shall not be construed as in any manner changing the terms or preventing County from enforcement of the terms of this Agreement.

GOVERNING LAW

43. This Agreement shall be governed by the laws of the State of California. Any legal action related to the performance or interpretation of this Agreement shall be filed only in the Superior Court of the State of California located in Riverside, California, and the parties waive any provision of law providing for a change of venue to another location. In the event any provision in this Agreement is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remaining provisions will nevertheless continue in full force without being impaired or invalidated in any way.

SEVERABILITY

44. If any provision in this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions will nevertheless continue in full force and effect.

COUNTERPARTS

45. This Agreement may be signed by the different parties hereto in counterparts, each of which shall be an original but all of which together shall constitute one and the same agreement.

[Remainder intentionally blank]

[Signatures on following page]

IN WITNESSETH WHEREOF, this Agreement has been executed by and between the undersigned parties.

LENDER

Dated: _____

By: _____

Name of Firm

Signature of Authorized Person

Typed Name of Authorized Person

Title

Address

Phone Number:

**COUNTY OF RIVERSIDE, a political
subdivision of the State of California**

Dated: _____

By: _____

Heidi Marshall, EDA Assistant Director
5555 Arlington Avenue
Riverside, CA 92504
Phone: (951) 343-5469

APPROVED AS TO FORM:

Gregory P. Priamos
County Counsel

By: _____

Jhaila R. Brown, Deputy County Counsel

NOTE: A photocopy of your State of California, Department of Corporations license certificate and a corporate Resolution or other documentation referenced in Section 28 of this Agreement must be attached to this Agreement. If the Lender is using a "Doing Business As" (dba) name, it must also submit a copy of the DBA statement or assumed name certificate filed with the State or County.

MCC EXHIBIT A

Statement of MCC Quality Commitment

As an officer of this company, I realize that the Riverside County Economic Development Agency (“EDA”) has the right to set minimum quality standards for lender participation in the MCC Program, and that failure to meet these standards may result in cessation of the company’s participation. This company (also referred to herein as “Lender”) will make every effort to prepare its personnel to participate in the MCC Program successfully, and to meet the following MCC Quality Work Standards:

1. Lending company personnel shall receive training in the MCC Program before being assigned to prepare and submit MCC packages.
2. After the completion of such training, the MCC designated officer identified in this exhibit for the participating branch must submit the name of the authorized Lender’s agent submitting the MCC application to EDA after the agent’s completion of the required EDA training session. Upon receipt of such request, the names of the authorized agent will be placed in the EDA participating Lender’s List made available to the public and on the EDA website. Each of the authorized Lender’s agents will be subjected to the active participation. The authorized agent shall be required to have successfully submitted one complete MCC package to EDA resulting in EDA issuing a MCC certificate within three months from the date of the MCC officer submitting the agent names to EDA. This active participation applies to the MCC officer as well if the MCC officer is acting as the agent. Failure to achieve this will cause the agent’s name to be removed from the EDA participating Lender’s List and exclusion from further participation in the MCC Program for a period of six months from that date. Lender’s agent that wishes to further participate after that six month suspension period must re-take the training as long as the Lender is still in the active participation status.
3. MCC packages submitted to EDA have less than four errors per package. A “correction package” which repeats the errors of the original package will not receive a second opportunity for correction.
4. Each Lender enrolled in the MCC Program designates an MCC Officer for each participating branch. The responsibilities include: (1) making EDA’s MCC Program updates through regular issuance of Alert available to all MCC-related personnel in a timely manner; (2) notifying EDA of any re-assignment regarding their role as MCC Officer.
5. The Lender obtains EDA’s Commitment to issue the MCC before funding the loan.
6. The Lender submits a payment of \$50 extension fee prior to the 60 days expiration of the MCC Commitment.
7. Lender must notify EDA of any MCC Commitments which should be cancelled and provide a written reason for cancellation within 5 days of such cancellation.
8. In the event that the closing Lender is different than the originating Lender, it is the originating Lender’s responsibility and obligations under the MCC Program to submit all necessary closing documentation to EDA.
9. Lender shall submit all closing documentation within 5 days of Loan Closing.
10. Buyers shall be treated fairly, receiving a full and accurate explanation about the MCC Program and the recapture tax. For questions which the Lender cannot answer, the buyer shall be referred to EDA.

MCC EXHIBIT A

The MCC Officer(s) designated below have been informed of their responsibility to provide all company employees with any new information pertaining to the MCC Program. The Lender will notify EDA immediately, should there be a change in this assignment.

Lender Name: _____

MCC Lender Participating Branch: _____

MCC Officer (Branch Manager) Name and Title: _____

MCC Officer (Branch Manager) Signature: _____

Date: _____

Mailing Address of the Branch: _____

Phone No.: _____ Fax No: _____

Email Address: _____

I authorize the following agent to submit an MCC application to EDA and further authorize their names and information below be placed on EDA's Participating Lender's List. I further acknowledge that the agent has completed EDA's required training session.

1. Agent (Loan Officer) Name: _____

Lender Participating Branch: _____

Agent's Title: _____

Mailing Address: _____

Phone No.: _____ Fax No: _____

Email Address: _____

2. Agent (Loan Officer) Name: _____

Lender Participating Branch: _____

Agent's Title: _____

Mailing Address: _____

Phone No.: _____ Fax No: _____

Email Address: _____

3. Agent (Loan Officer) Name: _____

Lender Participating Branch: _____

Agent's Title: _____

Mailing Address: _____

Phone No.: _____ Fax No: _____

Email Address: _____

Branch Manager's Original "Wet Signature" Required

Mail to: Riverside County Economic Development Agency, Attention Housing
5555 Arlington Avenue, Riverside, CA 92504