

**Minnesota Housing Finance Agency  
Entry Cost Homeownership Opportunity Program**

**APPLICATION-COMMITMENT AGREEMENT**

**THIS APPLICATION AND AGREEMENT** is between

\_\_\_\_\_, (the "Lender"), with its office located at \_\_\_\_\_,  
and the Minnesota Housing Finance Agency (the "MHFA"), with its office located at 400 Sibley Street - Suite 300, St. Paul, Minnesota 55101-1998.

**RECITALS**

**A.** MHFA, under the provisions of Chapter 462A of Minnesota Statutes, is authorized to enter into commitments for the purchase of mortgage notes and mortgages (the "Mortgages") for residential housing to be occupied by persons and families meeting MHFA's loan eligibility requirements.

**B.** MHFA has created and implemented the Entry Cost Homeownership Opportunity Program (the "ECHO Program"), under which it will purchase Mortgages in accordance with the terms of a procedural manual to be provided by MHFA (the "ECHO Procedural Manual"), the provisions of which are hereby incorporated by reference into this Program Agreement and all other agreements referred to herein as if set forth in full in such agreements.

**C.** Lender desires to participate in the ECHO Program and has submitted a proposal ("Lender's Proposal") to the MHFA describing its proposed participation in such program.

**D.** MHFA is willing to enter into an agreement (the "Program Agreement") to allow Lender to participate in the ECHO Program, all in accordance with the terms and conditions set forth below and the provisions contained in the ECHO Procedural Manual.

**NOW, THEREFORE,** the parties agree as follows:

**1. Participation.** Lender hereby applies for admission to, and permission to participate in, the ECHO Program, under which the MHFA will commit to purchase and purchase, in accordance with the provisions of the ECHO Procedural Manual, certain Mortgages which meet the requirements contained in the ECHO Procedural Manual. Participation in the ECHO Program shall be effective only upon approval by the MHFA at the place so provided below, and delivery of an executed copy of this Program Agreement by the MHFA to Lender, which approved application shall constitute the "Program Agreement".

The execution of this Program Agreement by the MHFA and delivery thereof to Lender merely entitles Lender to participate in the ECHO Program, but does not reserve or commit any funds to Lender for the purchase of Mortgages under the ECHO Program.

**2. Participation Term.** Upon the execution of the Program Agreement by the MHFA and delivery thereof to Lender, Lender shall commence to make mortgage loans complying with the terms of the Program Agreement, the ECHO Procedural Manual, and Lender's Proposal. Lender's participation in the ECHO Program shall commence on the date it receives an executed copy of the Program Agreement from the MHFA authorizing such participation, and participation in the ECHO Program shall terminate on the termination date set forth in the MHFA Approval below, or earlier termination of this Program Agreement as authorized in the ECHO Procedural Manual. Lender agrees to notify MHFA in writing if the Lender wishes to terminate its participation in the ECHO Program prior to the time of termination set forth herein.

**3. Reservation and Purchase Procedure.** The MHFA shall specify, in the ECHO Procedural Manual, the requirements for the reservation of funds and the purchase of Mortgages under the ECHO Program. After acceptance for participation in the ECHO Program, in the manner provided above, Lender may submit Mortgages to the MHFA for purchase in accordance with the procedures specified in the ECHO Procedural Manual.

**4. Commitment Term.** Upon Lender's compliance with all of the provisions and procedures specified in the ECHO Procedural Manual, the MHFA shall be committed under the ECHO Program to purchase Mortgages from Lender. The MHFA commitment shall begin on the date specified in the ECHO Procedural Manual, and be outstanding for the period and in the manner also specified in the ECHO Procedural Manual. Once an individual mortgage loan commitment is confirmed by MHFA in the manner specified in the ECHO Procedural Manual, such commitment period will remain in effect without regard to the established termination date of ECHO Program.

**5. Purchase Price of Mortgages.** The purchase price of each Mortgage to be purchased by MHFA under the ECHO Program shall be as set forth in the ECHO Procedural Manual.

**6. Mortgage Terms.** The interest rate for all Mortgages shall be established in accordance with the procedures specified in the ECHO Procedural Manual. All Mortgages shall meet all requirements set forth in the ECHO Procedural Manual.

**7. Lender's Warranties.** Lender's warranties, as set forth in the ECHO Procedural Manual, shall be applicable to each Mortgage upon (i) approval and delivery of the Program Agreement by MHFA, (ii) the subsequent delivery of the Mortgage to MHFA pursuant thereto, and (iii) the subsequent purchase of the Mortgage by MHFA.

**8. Servicing.** The servicing and collection of Mortgages shall be the sole responsibility of MHFA, its assignee, or those servicing institutions which MHFA may designate, in its sole discretion.

9. **Remedies.** In the event that Lender defaults in the observance or performance of any condition in the Program Agreement, the ECHO Procedural Manual, or Lender's Proposal, on Lender's part to be observed or performed, or in the event that any warranty made by Lender is found to be untrue, then MHFA shall be entitled to all remedies, at law or in equity, including but not limited to:

A. The right to tender Mortgages to Lender for repurchase as is set forth in the ECHO Procedural Manual;

B. The right to rescind acceptance of the Program Agreement;

C. The right to seek equitable relief by way of injunction (mandatory or prohibitory) to prevent the breach or threatened breach of any of the provisions of the Program Agreement, or to enforce the performance thereof;

D. The right to seek damages, including consequential damages, arising by virtue of MHFA's sale of its debt securities in reliance on Lender's observance and performance of the provisions of the Program Agreement; and

E. The right to terminate the Program Agreement, and upon such termination Lender shall have no further rights pursuant hereto, provided, however, that such termination shall not diminish MHFA's rights specified in the ECHO Procedural Manual.

All of such remedies shall be cumulative, and the exercise by MHFA of any one or more of them shall not in anyway alter or diminish MHFA's right to any other remedy provided herein or by law.

10. **Contract Documents.** All transactions between Lender and MHFA pursuant to the Program Agreement are on a contractual basis, the contract in each instance consisting of the Program Agreement, the ECHO Procedural Manual, and Lender's Proposal, with all amendments and supplements thereto.

11. **Applicable Law.** The Program Agreement is made and entered into in the State of Minnesota, and all questions relating to the validity, construction, performance and enforcement thereof shall be governed by the laws of the State of Minnesota.

12. **Successors and Assigns.** This Program Agreement may not be assigned, in whole or in part, without the written consent of the other party hereto. In addition, this Program Agreement shall fully bind and inure to all successors and assigns of any party hereto as if it had been originally executed by such successor or assign.

13. **Termination of ECHO Program.** The MHFA reserves the right to terminate the ECHO Program at any time as more fully described in the ECHO Procedural Manual. In the event of such termination, the MHFA shall be under no further obligation to purchase mortgages from lenders.

14. **Agreement Conditional Upon MHFA Approval.** This Program Agreement shall be a binding obligation of MHFA only upon its execution by the MHFA and delivery of an executed copy to Lender. In the event that this Program Agreement is not, for any reason, so executed and delivered by MHFA, Lender's application shall be null and void. Lender undertakes all liability with respect to any transactions entered prior to receipt of this Program Agreement as accepted by the MHFA.

### LENDER'S SIGNATURE

**IN WITNESS WHEREOF**, Lender has set its hand this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

IN THE PRESENCE OF:

**LENDER**

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

By: \_\_\_\_\_  
(Signature of Authorized Officer)

Lender's Telephone Number

(\_\_\_\_\_) \_\_\_\_\_

\_\_\_\_\_  
(Printed or Typewritten Name of Authorized Officer)

Its: \_\_\_\_\_  
(Include Additional Signature Below if Required by Lender's Bylaws)

By: \_\_\_\_\_

Its: \_\_\_\_\_

### MHFA APPROVAL

MHFA hereby accepts the above Application-Commitment Agreement and authorizes Lender to participate in the ECHO Program for the term commencing the \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, and terminating on the \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

Lender Code \_\_\_\_\_.

IN THE PRESENCE OF:

**MINNESOTA HOUSING FINANCE AGENCY**

\_\_\_\_\_  
By: \_\_\_\_\_  
Gene Aho

\_\_\_\_\_  
Its: Supervisor, Single Family Programs  
Minnesota Homes Division

Signed this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.