

LOAN PURCHASE AND SALE AGREEMENT

This is a Loan Purchase and Sale Agreement (“Agreement”), dated as of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, 2020 by and between Federation of Appalachian Housing Enterprises, Inc.  DBA FAHE, Inc. Hereafter referred to as “FAHE, Inc.” (“Purchaser”), and \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, a \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (“Seller”).

W I T N E S S E T H:

**WHEREAS**, Seller is in the business of originating, funding and selling residential mortgages in the mortgage secondary market.

**WHEREAS**, Purchaser is a nonprofit organization whose mission is to provide essential levels of affordable credit, investment, development services and capital to minority and economically distressed communities.

**WHEREAS,** in connection with the FAHE, Inc. (Non-profit) My Place Mortgage Program (“Program”), from time to time, Purchaser intends to buy from Seller and Seller intends to sell to Purchaser eligible residential, whole second lien mortgage loans (“Mortgage Loans”) on a servicing released basis pursuant to the terms of this Agreement, and the My Place Mortgage Program Guide (the “Guide”). All capitalized terms used in this Agreement and not otherwise defined shall have the meanings set forth in the Guide.

**NOW, THEREFORE,** in consideration of the above premises, and the mutual agreements set forth below, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, Purchaser and Seller agree as follows:

# Guides

## Incorporation of Guides into this Agreement.

Purchaser has provided or made available to Seller, and Seller acknowledges that it has received, reviewed, understands and approves of the Guide in effect as of the date of execution of this Agreement, which Guide is incorporated by reference in its entirety into this Agreement. Seller agrees to comply with and be bound by all of the terms and provisions of the Guide, including, but not limited to, the eligibility standards for the sale of Mortgage Loans, the program procedures for registration, lock-in and delivery of eligible Mortgage Loans, and the representations, warranties, covenants and remedies set forth therein, which terms and provisions constitute a material part of this Agreement, as if they were expressly set forth herein. Any references to Purchaser under the My Place Mortgage Program Guide shall be deemed to be references to any assignee of Purchaser, upon such assignment.

## Changes to Guides.

The Guide is subject to change from time to time as determined by Purchaser (with respect to the My Place Mortgage Program Guide) in their sole and absolute discretion. The Guide shall be deemed to be modified such time as the current My Place Mortgage Program Guide is delivered to Seller in accordance with the notice requirements of this Agreement, or a copy of the My Place Mortgage Program Guide at FAHE, Inc.’s website (currently at [www.fahe.org/myplacemortgage](http://www.fahe.org/myplacemortgage) or transmission of an electronic version of the Guide to an e-mail address provided by Seller. Seller agrees that the most current version of the Guide as of the date a Mortgage Loan is Registered with Purchaser shall be applicable to the sale of such Mortgage Loan to Purchaser on the Funding Date.

## Amendment of Agreement.

Except with respect to revisions, amendments or supplements to the Guide as detailed in Section 1.02 hereof, this Agreement may not be amended except by an instrument in writing signed on behalf of each of the parties hereto.

# ELIGIBILITY OF SELLER

Subject to Section 7.15, from time to time, Purchaser, in its sole and absolute discretion, shall have the right to approve Seller for the Program and related products and delivery channels specified in the Guide. To evidence such an approval, Purchaser may, in its sole and absolute discretion, issue a written authorization to Seller. Such authorization will be effective upon receipt of the notice by Seller. Purchaser may, in its sole and absolute discretion, terminate Seller’s participation at any time in the Program and any such related products or delivery channels; any such termination by Purchaser, however, shall not affect any Mortgage Loan that has been Registered and approved for purchase by Purchaser as of the date of termination, except if Purchaser has terminated this Agreement. In submitting Mortgage Loans to Purchaser for purchase, Seller agrees to be bound by the terms of the Guide governing the Program, product and/or delivery channel, as of the date of Registration.

# SALE OF Mortgage LOANS

## Sale of Mortgage Loans.

During the term of this Agreement Seller may offer for sale to Purchaser, and Purchaser may agree to purchase from Seller, eligible Mortgage Loans for the purchase price and pursuant to the procedures set forth in, and subject to compliance by Seller with the terms and conditions of, this Agreement and the Guide. All Mortgage Loans must have the characteristics specified in the Guide to be eligible for purchase under this Agreement.

## Mandatory or Best Efforts Delivery.

Upon Registration of any Mortgage Loan with Purchaser, Seller shall be obligated to deliver such Mortgage Loan to Purchaser on a mandatory or best efforts basis as more fully detailed in the Guide, as long as (i) the applicant does not cancel or withdraw his or her application for a Mortgage Loan or (ii) Purchaser has not rejected such Mortgage Loan for purchase.

# REPRESENTATIONS AND WARRANTIES; COVENANTS

## Representations and Warranties.

Seller hereby makes to Purchaser all of Seller’s representations and warranties set forth in Exhibit A hereto and in the Guide. Unless the applicable representation or warranty expressly provides otherwise, Seller makes the representations and warranties set forth in (i) Exhibit A-1 as of the date of this Agreement and remakes them as of each Funding Date and (ii) Exhibit A-2 as of the Funding Date relating to the applicable Mortgage Loan.

## Continuing Covenants.

Seller also hereby covenants to Purchaser that Seller shall comply with all of Seller’s covenants and obligations set forth in the Guide and this Agreement.

## Seller’s Acknowledgement.

Seller acknowledges that Purchaser purchases Mortgage Loans in reliance upon: (i) the truth and accuracy of Seller’s representations and warranties set forth in this Agreement and the Guide, each of which representation and warranty relates to a matter material to such purchase; and (ii) Seller’s compliance with each of the agreements, requirements, terms, covenants, and conditions set forth in this Agreement and the Guide.

# remedies; indemnification

Seller will be in default under this Agreement upon, among other reasons, any misrepresentation or breach of warranty by Seller or the non-fulfillment or non-performance by Seller of any covenant, condition or action required of it under this Agreement and the Guide or upon the occurrence of any other Event of Default, and Seller will be subject to any remedies available to Purchaser, including, but not limited to, termination of this Agreement, indemnification by Seller, and Seller’s obligation to repurchase one (1) or more of the Mortgage Loans, as more fully set forth in the Guide.

# TERM AND termination

This Agreement shall continue in full force and effect until termination. Except as may be otherwise provided in the Guide, this Agreement may be terminated at any time (a) by the mutual written consent of Seller and Purchaser; (b) by either party, without cause, upon five (5) business days written notice to the other party or (c) immediately by Purchaser upon the occurrence of an Event of Default.

# miscellaneous

## Survival.

The representations, warranties, covenants and agreements contained in this Agreement shall survive the applicable Funding Date and delivery of the Mortgage Loans to Purchaser and shall not terminate. Such survival is not impaired by the termination of this Agreement, any restrictive or qualified endorsement on any Mortgage Note or Purchaser’s examination or failure to examine any Mortgage File, Purchaser’s approval of any Mortgage Loan for purchase or Purchaser’s purchase of any Mortgage Loan. Termination of this Agreement shall not release any party from liability for any breach hereof or misrepresentation hereunder prior to such termination.

## Counterparts.

This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which shall be considered one and the same instrument.

## Entire Agreement.

This Agreement executed in connection herewith, as the same may be amended or supplemented, along with any other related documents and agreements between Seller and Purchaser regarding the sale of Mortgage Loans (collectively, the “Purchase Documents”), contain the entire agreement between the parties and supersede all prior agreements, arrangements and understandings relating to the subject matter thereof. There are no written or oral agreements, understandings, representations or warranties between the parties other than those set forth herein and therein.

## Rights Cumulative; Waivers.

The rights of each of the parties under this Agreement are cumulative, may be exercised as often as any party considers appropriate and are in addition to each such party’s rights under any other documents executed between the parties or, except as otherwise modified herein, under law. The rights of each of the parties hereunder shall not be capable of being waived or varied otherwise than by an express waiver or variation in writing. Any failure to exercise or any delay in exercising any of such rights shall not operate as a waiver or variation of that or any other such right. Any defective or partial exercise of any of such rights shall not preclude any other or further exercise of that or any other such right. No act or course of conduct or negotiation on the part of any party shall in any way preclude such party from exercising any such right or constitute a suspension or any variation of any such right. At any time prior to any sale, Seller, on the one hand, and Purchaser, on the other, may (a) extend the time for the performance of any of the obligations or other acts of the other party hereto, (b) waive any inaccuracies in the representations and warranties of the other party contained herein or in any document delivered pursuant hereto or (c) waive compliance with any of the agreements of the other party contained herein or satisfaction of any of the conditions to the performance of its obligations contained herein. Any agreement on the part of a party hereto to any such extension or waiver shall be valid if set forth in an instrument in writing signed by the party granting the extension or waiver.

## Section Headings.

The section and paragraph headings contained in this Agreement are for reference purposes only and shall not in any way affect the meaning or interpretation of this Agreement.

## Notices.

All notices and other communications hereunder shall be in writing (including a writing delivered by facsimile transmission) and shall be deemed to have been duly given (a) when delivered, if sent by registered or certified mail (return receipt requested), (b) when delivered, if delivered personally or by telecopy or (c) on the second following business day, if sent by United States Express Mail or overnight courier, in each case to the parties at the following addresses (or at such other addresses as shall be specified by like notice):

If to Seller: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

If to Purchaser: FAHE, Inc.

Attn: Laura Meadows

319 Oak Street

Berea, KY 40403

## Governing Law.

This Agreement shall be governed by, construed and enforced in accordance with the laws of the State of Florida without reference to the choice of law principles thereof.

## Severability.

In the case any provision in this Agreement shall be found by a court of competent jurisdiction to be invalid, illegal or unenforceable, such provision shall be construed and enforced as if it had been more narrowly drawn so as not to be invalid, illegal or unenforceable, and the validity, legality and enforceability of the remaining provisions of this Agreement shall not in any way be affected or impaired thereby. To the extent permitted by applicable law, the parties hereto waive any provision of law which prohibits or renders void or unenforceable any provision hereof. If the invalidity of any part, provision, representation or warranty of this Agreement shall deprive any party of the economic benefit intended to be conferred by this Agreement, the parties shall negotiate, in good faith, to develop a structure the economic effect of which is as close as possible to the economic effect of this Agreement without regard to such invalidity.

## Successors and Assigns.

This Agreement shall be binding upon the parties hereto and their respective successors and assigns and shall insure to the benefit of the parties hereto and their respective permitted successors and assigns. Seller shall not assign this Agreement or any rights hereunder, including, without limitation, the right to receive compensation or money due hereunder, without the prior express written consent of Purchaser, which consent Purchaser may withhold in its sole and absolute discretion. Seller shall not delegate any duty hereunder without the prior express written consent of Purchaser, which consent Purchaser may withhold in its sole and absolute discretion. Except in the normal course of Seller’s business to originate and process loans, Seller shall not delegate any duty hereunder without the prior express written consent of Purchaser, which consent Purchaser may withhold in its sole and absolute discretion. Provided that, Seller’s use of any third party service to originate or process loans does not relieve Seller of its obligations to Purchaser, for which it remains liable; does not obligate Purchaser to any third party; and must be in accordance with the Guide. Purchaser shall have the right to assign this Agreement, including all of Purchaser’s rights and remedies under this Agreement, to any such party with respect to such Mortgage Loans, at any time in Purchaser’s sole and absolute discretion. Purchaser may share a copy of this Agreement with any assignee or prospective assignee prior to any assignment.

## Reproduction of Documents.

This Agreement and all documents relating thereto, including, without limitation, (a) consents, waivers and modifications which may hereafter be executed, (b) documents received by any party at the closing, and (c) financial statements, certificates and other information previously or hereafter furnished, may be reproduced by any photographic, photostatic, microfilm, micro-card, miniature photographic or other similar process. The parties agree that any such reproduction shall be admissible in evidence as the original itself in any judicial or administrative proceeding, whether or not the original is in existence and whether or not such reproduction was made by a party in the regular course of business, and that any enlargement, facsimile or further reproduction of such reproduction shall likewise be admissible in evidence.

## Relationship of Parties.

The relationship between the parties is an independent contractor relationship, and Seller is not, and shall not represent to third parties that it is acting as an agent for and on behalf of Purchaser. Notwithstanding the foregoing, Seller acknowledges that, in connection with any Mortgage Loans that Seller sells and delivers to Purchaser, Seller has a contractual duty to ensure that such Mortgage Loans are eligible for sale to Purchaser in connection with this Agreement.

## No Third Party Beneficiaries.

Except as expressly provided herein, nothing in this Agreement is intended to confer any right, remedy, obligation or liability upon any person other than the Parties hereto and their respective successors and permitted assigns.

## Governing Agreement.

In case of any inconsistency between this Agreement and the Guide, the terms and provisions of the Guide shall control, provided, that, whenever possible, however, the terms of this Agreement and the Guide shall be interpreted to be consistent.

## Attorneys’ Fees.

If Seller or Purchaser should breach or fail to perform any provision of this Agreement, the defaulting party shall pay all costs and expenses, including court costs and reasonable attorneys’ fees incurred by the other party in the enforcement of this Agreement.

## Delegation Permitted.

Seller acknowledges and agrees that Purchaser shall have the right to delegate any and all authority or functions of Purchaser set forth in this Agreement or the Guide, or otherwise related to the Program, including without limitation:

(a) Authorize delegate to evaluate Seller as an eligible seller of Mortgage Loans in connection with the Program, which may include an annual recertification process and review of Seller’s most-recent financial statements and operational procedures;

(b) Designate an online portal available for purposes of Registration of the Mortgage Loans on behalf of Purchaser; and

(c) Authorize delegate to receive and maintain all collateral files and mortgage loan documents related to each Mortgage Loan on behalf of Seller.

Seller shall reasonably cooperate and engage with delegate or such affiliate directly with respect to the applicable matter as directed by Purchaser, and delegate shall have the requisite authority to take applicable actions and administer the applicable functions on behalf of Purchaser. In addition, Seller acknowledges and agrees that any delegate and its affiliates may share any information concerning Seller they have obtained in any other manner, including through their own loan purchase or other relationships with Seller, with Purchaser for its own review and evaluation of Seller as an eligible seller of Mortgage Loans in connection with the Program.

[SIGNATURES CONTAINED ON FOLLOWING PAGE]

**IN WITNESS WHEREOF,** the Seller and the Purchaser have caused their names to be signed hereto by their respective officers thereunto duly authorized as of the date first above written.

**PURCHASER:**

**FAHE, Inc.**

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

Name: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Title: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**SELLER:**

**[\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_]**

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

Name: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Title: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

EXHIBIT A-1

General Representations and Warranties

### Due Organization and Authority

. The Seller is duly organized, validly existing and in good standing under the laws of the jurisdiction of its formation, is qualified to transact business in, and is in good standing under, the laws of the jurisdiction of its formation, has all licenses, permits and registrations necessary to carry on its business as now being conducted and is licensed, registered or qualified and in good standing in each state or other jurisdiction where a Mortgaged Property is located if the laws of such state or jurisdiction require licensing, registration or qualification in order to conduct business of the type conducted by the Seller (copies of which such licenses, permits and registrations shall be provided by Seller upon Purchaser’s request), and in any event the Seller is in compliance with the laws of any such state or jurisdiction to the extent necessary to ensure the enforceability of the Mortgage Loan in accordance with the terms of this Agreement; the Seller has the full power, authority and legal right to hold, transfer and convey the Mortgage Loans and to execute and deliver this Agreement and the related Purchase Documents and to perform its obligations hereunder and thereunder; the execution, delivery and performance of this Agreement and the related Purchase Documents (including all instruments of transfer to be delivered pursuant to this Agreement) by the Seller and the consummation of the transactions contemplated hereby and thereby have been duly and validly authorized; this Agreement and the related Purchase Documents have been duly executed and delivered and constitute the valid, legal, binding and enforceable obligations of the Seller, except as enforceability may be limited by bankruptcy, reorganization, insolvency, moratorium or other similar laws now or hereafter in effect relating to creditors’ rights generally and by general principles of equity, regardless of whether such enforcement is sought in a proceeding in equity or at law; and all requisite corporate or other required action has been taken by the Seller to make this Agreement and the related Purchase Documents valid and binding upon the Seller in accordance with their terms.

### Ordinary Course of Business

. The consummation of the transactions contemplated by this Agreement and the related Purchase Documents are in the ordinary course of business of the Seller.

### No Conflicts

. Neither the execution and delivery of this Agreement or the related Purchase Documents, the origination or acquisition of the Mortgage Loans by the Seller, the sale of the Mortgage Loans to the Purchaser or consummation of the transactions contemplated hereby and thereby, nor the fulfillment of or compliance with the terms and conditions of this Agreement and the related Purchase Documents, will conflict with or result in a breach of any of the terms, conditions or provisions of the Seller’s charter, by-laws or other organizational or governance documents or any legal restriction or any agreement or instrument to which the Seller is now a party or by which it is bound, or constitute a default or result in an acceleration under any of the foregoing, or result in the violation of any law, rule, regulation, order, judgment or decree to which the Seller or its property is subject, or result in the creation or imposition of any lien, charge or encumbrance that would have an adverse effect upon any of its properties pursuant to the terms of any mortgage, contract, deed of trust or other instrument, or impair the ability of the Purchaser to realize on the Mortgage Loans, impair the value of the Mortgage Loans, or impair the ability of the Purchaser to realize the full amount of any insurance benefits accruing pursuant to this Agreement and the related Purchase Documents.

### Solvency

. The Seller is solvent and the sale of the Mortgage Loans will not cause the Seller to become insolvent. The sale of the Mortgage Loans is not undertaken with the intent to hinder, delay or defraud any of Seller’s creditors.

### No Litigation or Investigation Pending

. There is no action, suit, proceeding or investigation pending or threatened against the Seller, before any court, administrative agency or other tribunal asserting the invalidity of this Agreement or the related Purchase Documents, seeking to prevent the consummation of any of the transactions contemplated by this Agreement or the related Purchase Documents or which, either in any one instance or in the aggregate, is reasonably likely to result in any material adverse change in the business, operations, financial condition, properties or assets of the Seller, or in any material impairment of the right or ability of the Seller to carry on its business substantially as now conducted, or in any material liability on the part of the Seller, or which would draw into question the validity of this Agreement, the related Purchase Documents or the Mortgage Loans or of any action taken or to be taken in connection with the obligations of the Seller contemplated herein, or which would be likely to impair materially the ability of the Seller to perform under the terms of this Agreement and the related Purchase Documents.

### No Consent Required

. No consent, approval, authorization or order of, or registration or filing with, or notice to any court or governmental agency or body is required for the execution, delivery and performance by the Seller of or compliance by the Seller with this Agreement and the related Purchase Documents, the sale of the Mortgage Loans or the consummation of the transactions contemplated by this Agreement and the related Purchase Documents.

### No Brokers’ Fees

. The Seller has not dealt with any broker, investment banker, agent or other person that may be entitled to any commission or compensation in connection with the sale of the Mortgage Loans.

EXHIBIT A-2

Mortgage Loan Representations and Warranties

### Loan Eligibility

. Seller originated, processed, underwrote, closed, funded, and documented each Mortgage Loan in accordance with the Guide and each Mortgage Loan is eligible for sale to Purchaser in accordance with the Guide, including the specific loan program for which Seller registered such Mortgage Loan with Purchaser.

### Fraud

. No fraud, error, omission, misrepresentation, negligence or similar occurrence with respect to the Mortgage Loan has taken place on the part of the Seller, or any other party (including without limitation the mortgagor, escrow or settlement agent, closing attorney, title company, appraiser, any builder/developer, realtor, or loan officer) involved in the purchase of the improved real property securing the Mortgage Loan, the origination, or sale of the Mortgage Loan or in the application of any insurance in relation to such Mortgage Loan. The documents, instruments and agreements submitted for loan processing, loan underwriting and closing were not falsified and contain no untrue statement of material fact or omit to state a material fact required to be stated therein or necessary to make the information and statements therein not misleading.

### Regulatory Compliance

. Each Mortgage Loan complied and complies with all applicable federal, state and local laws pertaining to the origination, making, servicing and sale of such Mortgage Loan, including, without limitation, truth-in-lending, real estate settlement procedures, consumer credit protection, equal credit opportunity and fair lending, unfair, deceptive, predatory and abusive lending laws and disclosure laws.

### Data

. The information contained in each Loan File, or in any schedules, sale tape(s) and/or transfer tape(s), or otherwise delivered electronic files or media pertaining to the Mortgage Loan and all other information provided by or on behalf of Seller with respect to the Mortgage Loans is true, correct and complete in all material respects, as of the date provided or indicated therein. The data on the Mortgage Loan Schedule correctly and accurately reflects the data contained in Seller’s records, including, without limitation, the Loan File.

### Ownership

. Immediately prior to the payment of the Purchase Price, except for any security interests that are released no later than simultaneously with the sale of the Mortgage Loan to the Purchaser, the Seller was the sole owner and holder of the Mortgage Loans and the indebtedness evidenced by the Mortgage Note. The Mortgage Loans, including the Mortgage Note and the Mortgage, were not assigned or pledged by the Seller and the Seller had good and marketable title thereto, and the Seller had full right to transfer and sell the Mortgage Loans to Purchaser free and clear of any encumbrance, participation interest, lien, equity, pledge, claim or security interest and had full right and authority subject to no interest or participation in, or agreement with any other party to sell or otherwise transfer the Mortgage Loans. Following the sale of the Mortgage Loan, Purchaser will own such Mortgage Loan free and clear of any encumbrance, equity, participation interest, lien, pledge, charge, claim or security interest. After the related Purchase Date, the Seller will not have any right to modify or alter the terms of the sale of the Mortgage Loan.

Revised April 1, 2020