

CITY OF RALEIGH HOMEBUYER ASSISTANCE PROGRAM  
ORIGINATION AGREEMENT

Agreement made as of the \_\_\_\_\_ day of \_\_\_\_\_, 2026, between the City of Raleigh, a body corporate and politic organized and existing under the laws of North Carolina (the “City”); and \_\_\_\_\_, a \_\_\_\_\_, organized and existing under the laws of \_\_\_\_\_ (the “Lender”),

W I T N E S S E T H:

WHEREAS, pursuant to Section 160A of the General Statutes of North Carolina, as amended (collectively, the “City Act”) the City has been authorized and empowered to provide loans to persons of low income, or moderate income, or low and moderate income, so that such persons may become owners of their own housing,

WHEREAS, the City has created a program to provide mortgage loan financing to persons of low and moderate income whereby:

- (1) the Lender will make mortgage loans to persons of low and moderate income in order that such persons may become owners of their own housing;
- (2) at least two loans will be made to each such person, a first loan to be secured by a first deed of trust on the property and a subordinate mortgage loan to be secured by a subordinate deed of trust on the property;
- (3) the first mortgage loans shall be funded by the Lender; and
- (4) the subordinate mortgage loan shall be funded by the City as herein provided; and

WHEREAS, the City and the Lender have each duly authorized the execution and delivery of this Agreement,

NOW, THEREFORE, in consideration of the mutual recitals, promises, and covenants set forth herein, the parties hereto agree as follows:

SECTION 1: Definitions. The following terms shall have the following meanings in this Agreement.

“Acquisition Cost” means the aggregate cost of acquiring Residential Property as a completed residential unit, including (a) 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 sellers (or related parties or for the benefit of the seller or sellers) as consideration for the Residential Property, (b) if a Dwelling Unit on the Residential Property is incomplete, the reasonable cost of completing the same, whether or not the costs of completion are to be financed, and (c) where Residential Property is purchased subject to ground rent, the capitalized value of the ground rent, but excluding (i) those Settlement Costs and Financing Costs that are usual and reasonable costs that would be paid by the Mortgagor where financing is not provided through a qualified mortgage, (ii) the value of any services performed by the Mortgagor and members

of his family in completing a Dwelling Unit on the Residential Property, and (iii) the cost of any land that was owned by the Mortgagor for at least two years prior to the construction of a Dwelling Unit on the Residential Property.

“Appraised Value” means the fair market value of Residential Property as determined by an appraiser acceptable to the City and the Lender, such determination being final and conclusive between the parties hereto.

“City Homebuyer Assistance Program” means the program created by the City pursuant to which the City will fund with the proceeds of Bonds and other moneys received in connection therewith, Subordinate Mortgage Loans to Eligible Borrowers to finance a portion of the purchase by such Eligible Borrower of Residential Property.

“Code” means the Internal Revenue Code of 1986, as amended.

“Dwelling Unit” means a residence that includes cooking, sleeping, and individual bathroom facilities and that is to be occupied on a year-round basis.

“Eligible Borrower” means a person or family that (1) has an aggregate annual income less than or equal to 80% of the Applicable Median Family Income (as the terms “Family Income”, and “Applicable Median Family Income” are defined in the Code). Such amount shall be established by the City from time to time as the maximum income borrowers participating in the City Homebuyer Assistance Program, which amount shall be conveyed in writing to the Lender, (2) has aggregate Net Assets not exceeding the limits established by the City for qualification for financing under the City Homebuyer Assistance Program, which amounts shall be conveyed in writing to the Lender, and (3) has not had an ownership interest in his or her principal residence at any time during the three-year period ending on the date the First Deed of Trust is executed.

“Financing Costs” means credit reference fees, legal fees, appraisal expenses, “points” that are paid by the Mortgagor (but not the seller, even though borne by the Mortgagor through a higher purchase price), and other costs of obtaining the Subordinate Mortgage Loan.

“First Deed of Trust” means a mortgage deed; deed of trust, or other security instrument that secures the payment of a First Mortgage Loan and that constitutes a first lien on Residential Property.

“First Mortgage Loan” means a loan of money by the Lender to an Eligible Borrower to finance the purchase of Residential Property, which loan is secured by a First Deed of Trust.

“Loan Closing Date” means the date that the First Mortgage Loan and the Subordinate Mortgage Loan are closed in connection with the purchase of Residential Property.

“Loan Documents” means the Notes and related Subordinate Deeds of Trust which evidence and/or secure the payment of the Subordinate Mortgage Loan.

“Mortgagor” means an Eligible Borrower to whom a Subordinate Mortgage Loan is made.

“MSA” means metropolitan statistical area, as defined by the United States Department of Commerce.

“Net Assets” means the total assets of an applicant for a Subordinate Mortgage Loan, less all debts of the applicant, including the down payment and the closing costs to be paid by

the applicant in connection with the applicant's purchase of the Residential Property not financed by the Subordinate Mortgage Loan.

“Note” means a non-interest-bearing instrument that contains the absolute promise of a Mortgagor to pay the sum of money stated therein at the time specified therein and that evidences the obligation of a Mortgagor to repay a Subordinate Mortgage Loan.

“Homebuyer Assistance Program Manual” means the City's Originator's Guide for the City Homebuyer Assistance Program.

“Residential Property” means real property located in the City and the permanent structures thereon, which structures contain no more than two (2) Dwelling Units attached to a permanent foundation, provided that if a structure contains two Dwelling Units, all of such Dwelling Units must be used solely for residential purposes, must have been used solely for residential purposes for at least five years prior to the execution of the Loan Documents, and the Mortgagor must occupy at least one of the Dwelling Units. Residential Property may be an individual condominium unit located in a structure containing more than two Dwelling Units.

“Sales Price” means the purchase price stated in the contract of purchase for the Residential Property, including Settlement Costs and Financing Costs paid by the seller and borne by the Mortgagor through a higher purchase price and “points” paid by the seller and borne by the Mortgagor through a higher purchase price, notwithstanding the fact that such “points” do not constitute Financing Costs.

“Servicing Agreement” means the agreement, dated as of the date hereof, between the Lender, as servicer thereunder and the City.

“Settlement Costs” means title and transfer costs, title insurance costs, survey fees, and similar costs or fees relating to the Residential Property.

“State” means the State of North Carolina.

“Subordinate Deed of Trust” means a deed of trust that secures the payment of the Subordinate Mortgage Loan and that constitutes a lien on Residential Property.

“Subordinate Mortgage Loan” means a loan of a specified sum of money to an Eligible Borrower to finance the purchase of Residential Property, said loan secured by a Subordinate Deed of Trust.

## SECTION 2: Representations and Warranties.

A. The City represents and warrants that its execution of this Agreement has been duly authorized by the City Manager and is in compliance with the constitution and laws of the State, and (ii) this Agreement constitutes a valid and binding obligation of the City enforceable against the City in accordance with its terms.

B. The Lender represents and warrants that: (i) it is duly organized, validly existing and in good standing in the State and has the power and authority to own its properties and carry on its business as now being conducted and to make mortgage loans in the State and has been making mortgage loans in the State for at least one year prior to the execution and delivery of this Agreement; (ii) it has, and its officers acting on its behalf have, full legal authority to engage in the transactions contemplated by this Agreement; (iii) the execution and delivery of this Agreement, the consummation of the transactions contemplated

hereby, and compliance with the terms, conditions, and provisions hereof will not conflict with any of the terms, conditions, or provisions of the charter or by-laws of the Lender, constitute a breach of or default under any agreement or instrument to which the Lender is a party or by which it is bound, or violate any judgment, order, writ, injunction, decree, law, rule or regulation to which the Lender is subject; (iv) this Agreement constitutes a valid and binding obligation of the Lender enforceable against the Lender in accordance with its terms, subject to any applicable bankruptcy, insolvency, reorganization or similar laws affecting the enforcement of creditors, rights generally; (v) in the performance of this Agreement the Lender will not discriminate or, permit any discrimination against any person or group of persons on the grounds of sex, race, color, religion or national origin in any manner prohibited by the laws of the United States or the State; (vi) the Lender will originate and close all Subordinate Mortgage Loans in the name of the City of Raleigh; (vii) the Lender and its affiliates are in compliance with applicable minimum capital requirements imposed by federal banking laws and regulations; and (viii) neither the Lender nor any affiliate is under supervisory control of, or subject to enforcement proceedings by, federal banking regulators with respect to any violations or alleged violations of federal banking laws or regulations.

### SECTION 3: Responsibilities of Lender

#### A. Origination of Subordinate Mortgage Loans

The Lender agrees to use its best efforts to originate \$\_\_\_\_\_ of subordinate mortgage loans within one (1) year of the date of this Agreement pursuant to the terms and conditions set forth in this Agreement.

#### B. Servicing of Subordinate Mortgage Loans

The City will service the Subordinate Mortgage Loans originated by the Lender pursuant to this Agreement.

#### C. Program Delivery

The Lender agrees to deliver the City Mortgage Loan Program to the public in the following manner:

1. The Lender agrees that only applications received after the official program start date as determined by the City will be considered. The Lender shall consider applications in the order received and in a fair and equitable manner.

2. The Lender will accept applications for the program at its branch office located at \_\_\_\_\_.

#### D. Marketing

1. The Lender will be available for program presentations to area realtors, builders, non-profit organizations, or other groups as needed and upon reasonable prior notice.

2. The Lender will require that each applicant participate in and receive a Certificate of Completion from a City approved homebuyer education program before loan closing.

#### SECTION 4: Origination of Subordinate Mortgage Loan.

A. Subject to the terms and conditions set forth in this Agreement, the Lender agrees to originate Subordinate Mortgage Loans in an aggregate principal amount not to exceed \$ 105,000. Each such Subordinate Mortgage Loan shall be originated in connection with the origination of a First Mortgage Loan provided by the Lender, all to provide all or a portion of the purchase price of the Residential Property to be acquired with the proceeds of the First Mortgage Loan and Subordinate Mortgage Loan.

All Subordinate Mortgage Loans shall be pre-approved by the City. Each Subordinate Mortgage Loan and the Loan Documents relating thereto shall comply with the provisions hereof and the Homebuyer Assistance Program Manual. The Lender shall originate such Subordinate Mortgage Loans and deliver the Loan Documents relating thereto to the City within 365 days from the date hereof.

B. Not later than the 15<sup>th</sup> day before each Loan Closing Date, the Lender shall submit for examination by the City, with respect to each Subordinate Mortgage Loan, copies of each of the documents listed in Part I of Exhibit A hereto, and any additional documents required by counsel to the City to evidence the Lender's compliance with any representations, terms or conditions contained in this Agreement. Upon receipt, the City shall review the documents submitted and if the Subordinate Mortgage Loan is approved shall issue a conditional commitment to fund the same.

C. The City shall be under no obligation to fund Subordinate Mortgage Loans pursuant to this Agreement unless the Lender and the Subordinate Mortgage Loan and Loan Documents relating to such Loans are in full compliance with all of the terms and conditions of this Agreement and the Homebuyer Assistance Program Manual and all of the documents listed on Part I of Exhibit A hereto have been delivered to the City and are in form and substance satisfactory to it.

D. Lender shall ensure that Mortgagor maintains payments for taxes, assessments and insurance. Within 60 days following each Loan Closing Date, the Lender shall deliver to the City evidence of a policy insuring against loss or damage by fire or other hazard, including flood if such insurance is required for the Residential Property financed by a Subordinate Mortgage Loan. Such policy shall direct such insurance company to designate the Lender and the City as loss payees under such policies, as their interests may appear.

#### SECTION 5: Subordinate Mortgage Loan Terms and Conditions

A. Each Subordinate Mortgage Loan shall comply with the following:

1. Principal Amount. The Subordinate Mortgage Loan shall not exceed \$105,000.00.

2. Maturity. The term of each Note shall be 30 years.

3. Approval. No Subordinate Mortgage Loan shall be closed unless the Note and Subordinate Deed of Trust have been approved by any mortgage insurer providing mortgage

insurance for the First Mortgage Loan or investor. Evidence that the Subordinate Mortgage Loan is permitted by guidelines or regulations of such mortgage insurer shall constitute approval.

4. Mortgage Loan Costs. In connection with each Subordinate Mortgage Loan, the total costs payable by the consumer at consummation must be less than one percent (1%) of the original principal amount of the Note and shall include no charges other than: (i) fees for recordation of security instruments, deeds, and similar documents; (ii) a bona fide and reasonable application fee; and (iii) a bona fide and reasonable fee for housing counseling services.

Unless specifically authorized in writing by the City, the Lender shall not accept any other fees, charges, or other remuneration either directly or indirectly from a Mortgagor, but the Lender shall be entitled to an ordinary commission paid in connection with the sale of mortgage life insurance with respect to Residential Property.

Notwithstanding any other provision of this Paragraph 4, the Lender shall not accept or knowingly permit any other person to accept any fee, charge, or other remuneration in connection with the Eligible Borrower's purchase of the Residential Property and the making of the Subordinate Mortgage Loan unless such fee, charge or remuneration is the usual and reasonable amount that such party would be entitled to receive when owner-financing is not provided through the issuance of tax-exempt bonds.

5. Payments. The Loan Documents shall provide that, if Borrower is not in default under any of the terms of the Note or the Subordinate Deed of Trust, then Borrower shall not be required to make any payments of principal or interest and the balance due under the Note shall be reduced by twenty-five percent (25%) of the original Loan Amount at the five, ten, fifteen, and twenty year anniversaries of the date of the Note, such that the Loan balance will be \$0.00 after 30 years. Upon a default of the terms of the Note or Subordinate Deed of Trust, the City may declare the outstanding balance of the Note to be immediately due and payable.

6. Mortgage Loan Forms. The Note and the Subordinate Deed of Trust shall be executed on forms provided by the City.

7. Restriction on Assumption. If applicable, the Loan Documents relating to each Subordinate Mortgage Loan shall provide that upon any sale or transfer by the Mortgagor of the Residential Property subject to the Subordinate Deed of Trust without the consent of the City, the City may declare the outstanding balance of the Note to be immediately due and payable, without further notice, and irrespective of the date of maturity of such Note. The City's consent to any sale or transfer shall be conditioned upon whether the sale or transfer is approved by the mortgage insurer and or investor with respect to the First Mortgage Loan.

8. Mortgagor. At the time of origination of a Subordinate Mortgage Loan the Lender shall cause the Mortgagor to provide to the City an affidavit identified as the Request for Loan Approval. The Lender shall exercise reasonable diligence to verify each Mortgagor's affidavit.

9. Acquisition Cost. No Subordinate Mortgage Loan shall be made to finance the purchase of Residential Property that has an Acquisition Cost greater than the Acquisition Cost maximum set from time to time by the City.

10. Recordation. The Lender shall file, register, or record in a timely manner and in such place as is required by law, each Subordinate Deed of Trust and other documents

required to be so filed, registered or recorded to perfect the lien created by such Subordinate Deed of Trust against all third parties (subject to the First Deed of Trust in connection with the First Mortgage Loan).

11. Disclosure of Costs. The Lender shall ensure that all closing and settlement costs and all other charges in connection with the Subordinate Mortgage Loan and the identity of the party paying or bearing each such cost and charge are clearly itemized, identified, and explained in detail on a closing or settlement statement. The Lender shall deliver a signed copy of such statement to the seller of the Residential Property, the Mortgagor, and the City. In accepting, evaluating, and acting upon the Eligible Borrower's application for a Subordinate Mortgage Loan, the Lender shall comply with all applicable provisions of the Federal Equal Credit Opportunity Act and Regulation 2 promulgated thereunder. In originating each Subordinate Mortgage Loan, the Lender shall comply with all requirements of the Real Estate Settlement Procedures Act 1974 (Public Law 93-533), as amended, and the regulations issued by HUD pursuant thereto that are applicable at the time the Subordinate Mortgage Loan is originated. The Lender shall also comply with the Federal Truth in Lending Act and Regulation Z issued by the Bureau of Consumer Financial Protection, as applicable.

12. Disclosure of Mortgage Recapture Provision. If applicable, the Lender shall provide to the Mortgagor of any Subordinate Mortgage Loan a statement of disclosure, in the form to be supplied by the City, as to additional federal income taxes that the Mortgagor may be liable to pay pursuant to Section 143(m) of the Code upon the disposition of any Residential Property financed with a Subordinate Mortgage Loan.

#### SECTION 6: General Conditions and Covenants.

A. The Lender shall assume responsibility for processing and closing the Subordinate Mortgage Loans with the individual Mortgagors, for securing each Note by a Subordinate Deed of Trust, and for causing the Subordinate Mortgage Loans, Loan Documents and Mortgagors to comply with such of the terms and conditions hereof as relate to the same. In addition, the Lender hereby agrees that on or by the Loan Closing Date, the following conditions will be met:

1. The Lender will review the application submitted by the Mortgagor in connection with the Subordinate Mortgage Loans, together with all supporting documentation required by this Agreement including the closing statement relating to the disposition of the proceeds of the Subordinate Mortgage Loans.

2. The Loan Documents will accurately reflect the date the Subordinate Mortgage Loan was made, the unpaid principal amount of the Note, the term of the Note, and the rate of interest payable thereon.

3. The Loan Documents will be duly executed by the Mortgagor and constitute legal, valid and binding obligations of the Mortgagor that will be enforceable in accordance with their terms.

4. The Lender will not have modified, satisfied, canceled, subordinated or compromised all or any part of the Note and will not have released all or any part of the Residential Property from the Subordinate Deed of Trust (or other instruments securing the Note).

5. The Loan Documents will not be subject to any existing assignment or pledge.

6. No counterclaim, offset, defense or right of rescission will exist that can be asserted and maintained by the Mortgagor or his successor in interest against the Lender or the City, as the case may be, as assignee of the Loan Documents.

7. If applicable, the Lender will require a current survey and surveyor's report prior to the closing of each Subordinate Mortgage Loan and the Lender will not close such Loan, unless otherwise instructed to do so by the City, if the surveyor's report discloses any encroachment, setback violation or other building restriction violation or discloses that the improvements upon the Residential Property do not lie wholly within the boundaries of such Property, and that there will be no exceptions in the title insurance policy for matters of survey, except for normal easements and restrictions acceptable to the City.

8. The Lender will not present a Subordinate Mortgage Loan to the City for funding where it has knowledge of any circumstances or conditions with respect to such Subordinate Mortgage Loan, the Loan Documents, the Residential Property, or the Mortgagor or his credit standing that can reasonably be expected to cause prudent private investors in the secondary market to regard the Loan Documents relating to such Subordinate Mortgage Loan as an unacceptable investment, to cause a default under the Loan Documents, or to adversely affect the value or marketability of the same.

9. The Lender will have conducted a reasonable investigation to ensure that it did not present a Subordinate Mortgage Loan for funding by the City where a proceeding for a total or partial condemnation of all or any portion of the Residential Property is pending and where a portion of said Property has been damaged by fire, windstorm or other casualty.

B. The examination by the City and its counsel of the documents listed in Exhibit A hereto, shall not constitute a waiver of any claims or actions that the City may have by reason of the breach by the Lender of any warranty, representation, or term contained in this Agreement.

The Lender shall pay any costs necessary to accomplish the transaction contemplated by this Agreement, recording charges, and legal fees other than legal fees for services rendered by counsel to the City. This Paragraph shall not prevent the Lender from charging the Mortgagor closing cost to the extent permitted by Section 5.A.4 hereof.

C. The Lender shall consider all applications for Subordinate Mortgage Loans in the order in which they are received on a fair and equal basis and shall not arbitrarily reject any application because of the location or age of the Residential Property, arbitrarily vary the terms of a loan to or the loan application procedures for any particular Eligible Borrower, or reject an Eligible Borrower's application because of race, color, religion, national origin, age, sex or marital status. The Lender shall not enter into any agreement or arrangement with any person, firm or corporation that would create a preference of any one or more Eligible Borrowers over any other Eligible Borrowers.

D. The Lender shall be liable only for the actual damages suffered by the City by reason of the untruth of any representation contained herein, or for the breach of any term hereof, or for the failure of the Lender to perform or comply with any agreement herein contained.

E. It shall be an event of default under this Agreement if any of the following occurs: (i) the City determines that any representation made herein with respect to the Loan Documents was untrue when made, or that the Lender breached any term hereof or failed to perform or comply with any agreement herein contained, (ii) the City determines at any time that the Lender or the Mortgagor has made a misrepresentation of a material fact relating to a

Mortgagor, a Subordinate Mortgage Loan, the Loan Documents, or the Residential Property, and that such misrepresentation adversely affects the eligibility of such Loan Documents for purchase by the City under the Code or (iii) the first payment of principal and interest on the Subordinate Mortgage Loan becomes one calendar month or more in arrears and the Lender cannot demonstrate that the payment in arrears was unrelated to its underwriting of the Subordinate Mortgage Loan. In the event any of the foregoing has occurred in the City's sole and absolute discretion, then upon notice by the City, the Lender shall purchase any Loan Documents funded by the City hereunder for the sum of (a) the unpaid balance of, plus accrued interest on, the Note, (b) to the extent not covered by (a), the aggregate amount of any advances to pay taxes, insurance or similar costs paid by the City for the account of the Mortgagor to protect the City's interest in the Residential Property, and interest thereon at the interest rate on the Note, and (c) any attorneys' fees, legal expenses, court costs or other expenses incurred or expended by the City in connection with the Loan Documents. Any such purchase by the Lender shall take place on such date as the City specifies in its notice to the Lender of the occurrence of one or more of the foregoing events, which date shall be not less than 10 days from the date of such notice. Upon purchase, the City shall assign to the Lender its interest in all such Loan Documents and hazard and flood and title insurance policies and shall hold the Lender harmless from action taken by the City that has impaired the lien created by the Subordinate Deed of Trust.

F. Except for such original documents as are required to be delivered to the City hereunder, the Lender shall retain all documents relating to the origination of Subordinate Mortgage Loans and evidence of all action taken with respect thereto for 25 months from the date of the application for the same, and, upon request of the City, shall provide the City with photocopies of the same.

#### SECTION 7: General Provisions.

A. The Lender shall execute all documents and take all steps requested by the City from time to time to perform the agreements herein contained at its own expense.

B. Except as otherwise provided herein, the provisions of this Agreement cannot be waived or modified unless such waiver or modification is in writing and signed by the parties hereto. This Agreement is subject to applicable changes in federal regulations, and the parties hereto agree to amend this Agreement to conform with any such changes in federal regulations. The procedures with respect to the origination of Subordinate Mortgage Loans are more fully set forth in the Homebuyer Assistance Program Manual and the provisions hereof are subject to the provisions set forth therein with respect to such procedures.

C. Inaction or failure by any party hereto to demand strict performance of any provision of this Agreement shall not be deemed a waiver of such party's right to demand such performance at a later time.

D. If the Lender is the recipient of any funds intended to reduce or satisfy and discharge the Note or to assist in the payment of monthly payments, the Lender shall promptly apply all such funds for the purposes intended.

E. When notice or consent is required to be given under the terms of this Agreement, such notice or consent shall be in writing and shall be effective only upon actual receipt by the party to whom notice is given. Such notice shall be delivered or addressed, in case of the Lender, to:

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

Attn: \_\_\_\_\_

in case of the City, to:

City of Raleigh  
P.O. Box 590  
Raleigh, North Carolina 27602  
Attn: Loans Unit

or to such other addresses as parties may, from time to time, establish in writing.

F. This Agreement and each and every one of the terms and provisions hereof shall be for the benefit of and shall be binding upon each of the parties hereto and their respective successors and assigns.

G. The section headings are inserted as a matter of convenience, shall not constitute a part of this Agreement, and shall not affect the terms and conditions hereof.

H. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original and all of which shall constitute one and the same Agreement.

I. The Lender agrees to comply with all applicable federal, state and local statutes, laws, rules, regulations and ordinances pertaining to the Lender's performance of any function or duty required hereunder, including those pertaining to usury, consumer credit and truth-in-lending.

J. The Lender agrees that no person who presently exercises any functions or responsibilities in connection with this Agreement (i) has any personal or financial interest in this Agreement except as an employee of the Lender or (ii) will acquire any interest, direct or indirect, in the properties, businesses, or contractors benefitted by this Agreement if such interest would conflict with the performance of its services hereunder. The Lender agrees to disclose to the City the identity of any such person holding a financial interest in the properties, businesses, or contractors benefitted by this Agreement and the nature of such interest. This Paragraph shall be interpreted in such a manner as to not unreasonably impede the statutory requirement that equal opportunity be provided in the employment of all persons. If the Lender, in the ordinary course of its banking business, has made loans to any contractor involved directly or indirectly with any construction financed by a Subordinate Mortgage Loan, such a fact shall not of itself give rise to a conflict of interest.

K. Except as to such matters as may be under the jurisdiction of federal law or regulations, this Agreement shall be governed by the law of the State, and venue for any and

all legal actions regarding any transaction covered herein shall lie in the District or Superior Court in and for the County of Wake, State of North Carolina.

L. Each provision of this Agreement shall be considered severable, and if, for any reason, any provision is determined to be invalid, such invalidity shall not impair the operation of any other portion of this Agreement.

M. This Agreement shall not be assigned by the Lender or the City without the prior written consent of the other party.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties hereto have set their hands and seals on the day and year first above written.

\_\_\_\_\_  
Lender

\_\_\_\_\_  
Lender

[SEAL]

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

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

Attest:

\_\_\_\_\_

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

CITY OF RALEIGH

[SEAL]

BY \_\_\_\_\_  
City Manager

Attest:

BY \_\_\_\_\_  
City Clerk

EXHIBIT A  
Part I

**City of Raleigh provided forms:**

- \_\_\_ Transmittal Summary
- \_\_\_ Request for Funds
- \_\_\_ Pre-Application Worksheet
- \_\_\_ Request for Loan Approval
- \_\_\_ Seller Affidavit
- \_\_\_ Signed Mortgage Disclosure Form
- \_\_\_ ECOA Statement (if applicable)
- \_\_\_ Income Tax Affidavit (if applicable)
- \_\_\_ HOME Loan Agreement

**Lender Provided Forms and Documentation:**

- \_\_\_ Signed and dated Uniform Underwriting and Transmittal Summary
- \_\_\_ Properly executed Uniform Residential Loan Application (1003)
- \_\_\_ Verification of Employment
- \_\_\_ Pay Stubs (covering most recent two months)
- \_\_\_ Other Income Documentation
- \_\_\_ Bank Statements (covering most recent two months)
- \_\_\_ Three years' signed federal tax returns with (applicable schedules)
- \_\_\_ Credit Package (including credit report)
- \_\_\_ Borrower's Home Buyer Education Certificate (copy)
- \_\_\_ Recorded separation and/or recorded/filed divorce decree (copy, if applicable)
- \_\_\_ Appraisal
- \_\_\_ Gift Letter
- \_\_\_ Rental Verification
- \_\_\_ Home Inspection and proof of repairs
- \_\_\_ Proof of Minimum Housing Code Inspection or Housing Quality Standards Inspection (if borrower receiving CPLP funds)