

**LENDER PARTICIPATION AGREEMENT
CITY OF TEMECULA REDEVELOPMENT AGENCY
FIRST TIME HOME BUYER PROGRAM**

This Lender Participation Agreement is made and entered into as of the _____ day of _____, 2008, by and between the City of Temecula Redevelopment Agency, a public corporate and politic, (hereinafter referred to as the "RDA") and _____ (hereinafter referred to as the "Lender"), for the purpose of providing first time home buyers with mortgage financing in conjunction with funds provided through the First Time Home Buyer Program (hereinafter referred to as the "Program").

Section 1. Representations and warranties.

The Lender hereby covenants and represents to the RDA as follows:

- a) The Lender is a duly organized and existing g corporation currently in good standing under the laws of the State under which it was formed and is fully registered with the Secretary of State for the State of California and allowed to do business within the State of California.
- b) The Lender has received instructions and documents regarding the First Time Home Buyer Program, and is familiar with the unique underwriting requirements of said Program as administered by the RDA.
- c) The Lender acknowledges that funding for the Program can only be used in conjunction with a fully amortized, fixed rate, 30 year first mortgage, for acquisition of homes to be occupied by first-time buyers as their primary residence, and that said Program applicants must accept the highest ratio fixed loan for which they qualify.
- d) The Lender agrees that prior to requesting a reservation of program funds, that sufficient investigation will have been performed to determine the eligibility of the applicant to qualify and participate in the Program.
- e) The Lender acknowledges that a document, entitled "Certification of Applicant", is to be signed by the Lender and the Applicant, and must be submitted simultaneously with the document entitled "Down Payment Assistance Reservation." Lender is aware that a reservation of funds does not constitute a loan approval or guarantee by the RDA to disburse funds; but only reserves said funds to be used in conjunction with the approval and funding of the mortgage as indicated in the escrow instructions.
- f) The Lender acknowledges that a true and correct copy of the FNMA Transmittal Summary Form 1008, a true and correct copy of the FHA Mortgage Credit Analysis Worksheet, Form 92900-WS must be submitted to the RDA, with the document

entitled "Lender's Certification of Applicant Eligibility", before the RDA will take action on any loan. The approval or denial of a Program Loan will be at the sole discretion of the RDA.

g) Lender agrees that after Program funds are reserved for an applicant, the Lender will advise RDA immediately in the event that the applicant is determined to be ineligible for participation in the Program or fails to qualify for a first mortgage loan.

h) The Lender agrees the Lender, its officers and agents, shall not discriminate against, or segregate any person, or group of persons, based on marital status, gender, race, color, religion, creed, national origin or ancestry for participation in the Program.

i) The Lender acknowledges that the Program must comply with all the following federal laws, executive orders, and regulations pertaining to fair housing and equal opportunity: Title VI of the Civil Rights Act of 1964, as Amended (42 U.S.C. 3601); equal Opportunity in Housing (Executive Order 11063, as Amended by Executive Order 12259); Architectural Barriers Act of 1968, as Amended (42 U.S.C. 4151); Age Discrimination Act of 1975, as Amended (42 U.S.C. 6101); and Equal Employment Opportunity (Executive Order 11246, as Amended). In this connection, the Lender agrees to comply with all City, County, State and Federal laws relating to fair housing and equal opportunity.

j) The Lender agrees to participate in Affirmative Marketing efforts directed by the RDA to encourage the participation of low income and minority persons in the Program.

k) Lender participants, origination loans for the Program, shall be required to submit loans through Direct Lenders (hereinafter defined) which have been approved for participation in the Program by the RDA. Direct Lenders are those organizations having staff capable of underwriting loans, and a valid contact with FNMA allowing for the sale of mortgages.

Section 2. The lender agrees to indemnify and hold harmless the RDA, its officers, employees, and agents, against any and all losses, claims, damages, liabilities and expenses, including attorneys' fees, arising from any act or omission of the Lender or any of its agents, employees or licensees due to the failure on the part of the Lender to abide by the requirements of the Program or the provisions of the Participation Agreement. In the event that any action or proceeding is brought against the RDA, with respect to which indemnity may be sought hereunder, the Lender, upon written notice from the indemnified party, shall assume the investigation and defense thereof, including the employment of counsel satisfactory to the indemnified party and the payment of all expenses related thereto; provided, however, that the RDA shall have the right to review and approved or disapprove any compromise or settlement in connection with any such claim brought against if of preceding to which it is a party.

Section 3. The Lender acknowledges that the RDA will not reserve exclusively for the Lender any portion of the Program's appropriation, and that the RDA shall have no liability or responsibility for any expenses incurred by the Lender in connection with the Lender's participation in the Program.

Section 4. This Agreement shall be governed by the laws of the State of California, and constitutes the entire agreement, and supersedes any prior agreement and understandings, both written and oral, with the lender with respect to the program.

Section 5. This Agreement may not be assigned by the Lender without the prior written approval of the RDA.

Section 6. This Agreement may be executed in several counterparts, each of which shall be an original and all of which constitute but one and the same instrument.

Section 7. This Agreement shall remain in full force and effect until terminated. The Lender may terminate the agreement, without cause, upon sixty (60) day's written notice to the RDA. The RDA may immediately terminate this Agreement and prohibit the Lender from participation in the Program upon the Lender's failure to comply with the terms and conditions of this Agreement and upon written notice by the RDA. No amendment to the Agreement shall be effective unless in writing and signed by both parties hereto.

Section 8. Any notice required or desired to be serviced by either party upon the other shall be addressed to the respective parties as set forth below. In the event that the Lender, including branch offices listed in Exhibit "A", which is attached hereto and incorporated herein, moves or changes its address or telephone number, the Lender shall notify the RDA in writing as soon as possible, of the new information.

REDEVELOPMENT AGENCY

City of Temecula
Redevelopment Agency
43200 Business Park Drive
P.O. Box 9033
Temecula, CA 92589-9033
(951) 694-6404
(951) 693-3903

LENDER

Telephone: _____
Fax: _____

Section 9. When executed by the qualified corporate officer of the Lender as listed in Section 8 above, this Agreement shall authorize and be binding upon the branch officers of the Lender that are located in or serving the City of Temecula as listed in Exhibit "A."

Section 10. The undersigned certifies that, under penalty of perjury, he or she is authorized to sign the 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 RDA showing that _____(The undersigned) has the authority 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 RDA showing that _____ (The undersigned) has the authority to sign this Agreement on behalf of the Lender.

REDEVELOPMENT AGENCY

Dated: _____

By: _____
Executive Director, City of Temecula
Redevelopment Agency

LENDER

Dated: _____

By: _____
Name of Firm

Signature of Authorized Person

Typed Name of Authorized Person

EXHIBIT "A"
LENDER PARTICIPATION PROGRAM

Contact Person: _____

Lender: _____

Address: _____

Telephone: _____

Fax: _____

BRANCHES SERVING THE CITY OF TEMECULA

Contact Person: _____ Contact Person: _____

Lender: _____ Lender: _____

Address: _____ Address: _____

Telephone: _____ Telephone: _____

Fax: _____ Fax: _____

Contact Person: _____ Contact Person: _____

Lender: _____ Lender: _____

Address: _____ Address: _____

Telephone: _____ Telephone: _____

Fax: _____ Fax: _____

