
STATE OF NEW YORK MORTGAGE AGENCY

LOW INTEREST RATE MORTGAGE PROGRAM

MORTGAGE SERVICING AGREEMENT

Servicer

Address

Dated: 9/97

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SERVICING AGREEMENT

AGREEMENT entered into on the ____ day of _____, 20____, by and between the STATE OF NEW YORK MORTGAGE AGENCY, having its principal office and place of business at 641 Lexington Avenue, New York, New York 10022 (hereinafter referred to as "SONYMA") and the institution designated "Servicer" on the cover page of this Agreement (hereinafter referred to as the "Servicer").

W I T N E S S E T H:

WHEREAS, SONYMA has purchased or agreed to purchase or from time to time will purchase Mortgage Loans as described in the Mortgage Purchase Agreement with respect to the Mortgage Loans to be serviced hereunder executed by Servicer or, if Servicer shall not have executed a Mortgage Purchase Agreement, as described in separate letter or separate letters which shall from time to time by mutual agreement be made subject to the terms hereof; and

WHEREAS, Servicer desires to service the Mortgage Loans and to manage the related premises in the event of foreclosure of the Mortgage Loans and any subsequent taking of title by SONYMA; and

WHEREAS, Servicer warrants that it is subject to a tax against which it can apply the tax credit.

NOW THEREFORE, in consideration of the mutual covenants and agreements herein contained, it is agreed by and between the parties hereto as follows:

1. **DEFINITIONS.** The following shall, for all purposes of this Agreement, have the following meanings:

(a) **Eligible Property.** Property acquired with the proceeds of a Mortgage Loan.

(b) **FDIC.** Federal Deposit Insurance Corporation.

(c) **FHLMC.** Federal Home Loan Mortgage Corporation.

(d) **FNMA.** Federal National Mortgage Association.

(e) **Mortgage Loan.** A loan evidenced by a promissory note, secured by a mortgage granting a first lien upon a fee simple or leasehold interest (with a remaining term equal to or greater than the original term of the Mortgage Loan) in the Eligible Property acquired with the proceeds of the Mortgage Loan, or, with respect to a cooperative unit, secured by a lien upon the related shares of stock in the cooperative housing cooperation and the proprietary lease related to the financed premises acquired with the proceeds of the Mortgage Loan, subject in each case only to the liens of taxes or assessments which are not delinquent, building restrictions or other restrictive covenants or conditions, leases or tenancies whereby rents or profits are reserved to the owners, joint driveways, sewer rights, party walls, rights of way or other easements, or encroachments, provided that none of the foregoing, in the opinion of SONYMA, materially adversely affect the security for the Mortgage Loan.

(f) **Mortgagor.** The person or persons, each of whom shall be natural persons, who executed the mortgage instrument securing a Mortgage Loan. The term "Mortgagor" shall also include persons who have assumed the obligations of a Mortgagor, who shall also be natural persons.

(g) **PMI.** (i) A primary mortgage insurance policy issued by a mortgage insurer licensed to do business in the State and qualified to provide insurance on mortgage loans purchased by FHLMC or any successor federal agency or corporation or (ii) a primary insurance policy issued by the State of New York Mortgage Agency Mortgage Insurance Fund.

(h) **Pool Insurance.** A policy or policies of mortgage pool insurance provided by the Pool Insurers.

(i) **Pool Insurer.** A mortgage insurer providing a policy(ies) of mortgage pool insurance to SONYMA on any pool of Mortgage Loans.

(j) **Servicer's Guide.** The Guide, as it may be amended from time to time by SONYMA, containing the rules governing the servicing of Mortgage Loans. The Guide includes applicable accounting and reporting procedures.

(k) **Trustee.** The financial institution selected by SONYMA to serve as trustee under the applicable resolution for SONYMA's bonds.

2. **SERVICER'S DUTIES AND RESPONSIBILITIES.** Servicer shall, to the best of its ability and with reasonable diligence, as agent for SONYMA, service on behalf of SONYMA the Mortgage Loans in accordance with the terms, conditions and requirements of the Servicer's Guide. Servicer shall have no authority, express or implied, to act in any manner or by any means for or on behalf of SONYMA in any capacity other than as expressly set forth herein or in the Servicer's Guide or as it may from time be requested by SONYMA in writing. Servicer is not authorized or empowered to waive or consent to the postponement of strict compliance on the part of any Mortgagor with any term, provision or covenant of its Mortgage Loan without the express written consent of SONYMA.

3. **COLLECTION FROM MORTGAGORS.** Continuously from the date hereof until the principal and interest of each Mortgage Loan is paid in full, or until this Agreement is terminated as hereinafter provided, the Servicer will proceed diligently to collect all payments as set forth in the Mortgage Loan instruments due to SONYMA. The Servicer agrees to service each Mortgage Loan in accordance with this Agreement, the Servicer's Guide and acceptable mortgage practices of prudent lending institutions. Any periodic billing statements transmitted with respect to any Mortgage Loan must comply with all relevant and applicable requirements of any State or Federal laws, rules or regulations respecting or governing consumer credit or truth-in-lending (including in particular the provisions of the Consumer Credit Protection Act, Public Law 90-321). Servicer agrees to calculate interest on a 360-day basis not to include any penalty interest.

The Servicer is hereby authorized on behalf of SONYMA to execute all documents necessary to discharge any Mortgage Loan upon receipt of all principal, interest and other payments called for in the Mortgage Loan documents; provided, however, that upon execution thereof the Servicer shall be responsible to account and pay over to SONYMA at the next remittance date all such payments. The

Servicer shall also forward to SONYMA copies of all duly recorded documents necessary to discharge any Mortgage Loan.

4. **PAYMENT OF CHARGES.** The Servicer shall promptly discharge all of the obligations of SONYMA set forth in the Mortgage Loan documents, as well as every obligation under a policy of primary mortgage insurance, or Pool Insurance. The Servicer shall retain in its possession a record of payment of all such obligations and shall, when requested to do so, forward to SONYMA for examination satisfactory evidence of such payments.

For each Mortgage Loan, the Servicer shall at least annually review the estimated taxes, assessments, water charges and insurance premiums that will become due and payable thereon, determine the adequacy of the monthly escrow payments to pay such charges when they become due and payable, and make such adjustments in the amount of future escrow payments as are necessary and appropriate to pay such charges when they become due and payable. The Servicer shall promptly notify SONYMA of any anticipated deficiency in the funds of any Mortgagor (after taking into account the effect of any such adjustments) which will be available for the payment of such charges when they become due and payable, and make any advance payment as necessary.

5. **REMITTANCES AND HANDLING OF FUNDS.** The Servicer agrees to remit to the Trustee, in accordance with the Servicer's Guide, all payments received with respect to the Mortgage Loans and mortgages purchased under other SONYMA bond resolutions in separate remittances, clearly identifying the bond resolution under which the Mortgage Loans were purchased.

Servicer shall remit all funds which are applicable to the payment of principal and interest on Mortgage Loans as provided in the Servicer's Guide. Any amount not timely remitted in accordance with the Guide shall bear interest payable to SONYMA at the rate of one percent (1%) per day from the date on which such remittance should have been wired or postmarked until the date such remittance is actually received or postmarked. In addition, the Servicer shall remit the entire balance at any time such balance on deposit in the special trust or custodial account or accounts described in the next paragraph exceeds the applicable limits of FDIC insurance. Such transfers shall be sent to the address SONYMA may from time to time designate in writing. The Servicer shall include with its remittance reports all information required in accordance with the Servicer's Guide. Such reports shall be in the format specified in the Servicer's Guide.

Until funds received by the Servicer are paid over to the Trustee, the Servicer shall segregate and hold such funds for SONYMA, if said funds are for the payment of principal of and interest on Mortgage Loans, in a special trust account or accounts, and if said funds are for the payment of any other charges on the Mortgage Loans in a special custodial account or accounts. The Servicer shall also segregate and hold for SONYMA, in a separate custodial account or accounts for each bond resolution, all other funds received from the Mortgagors until applied in accordance with the terms of the Mortgage Loans and, where applicable, private mortgage insurance. Such trust and custodial account or accounts shall be:

- (a) initiated and maintained in a bank or banks by the Servicer;
- (b) specifically named so as to disclose the nature thereof;

(c) initiated as accounts of record and insured by the FDIC to the maximum extent as set forth in the Servicer's Guide; and

(d) in compliance with all applicable rules of the FDIC.

The Servicer's records shall clearly show that (i) all principal and interest payments held in a trust account as set forth above shall be held in the name of the Trustee as Trustee for the bond holder under the applicable resolution, and (ii) all other payments held in a custodial account as set forth above are held for the benefit of Mortgagors. The Servicer's records shall clearly show the respective interests of SONYMA, the Trustee and of each individual Mortgagor in all accounts maintained as aforesaid.

If the Servicer is a bank, such funds may be held and managed within its own banking facilities provided (i) such funds are held and managed in accordance with regulations established by the applicable supervising government agency with respect to such funds, (ii) proper books and records are maintained reflecting the interests of SONYMA, the Trustee and each individual Mortgagor therein, and (iii) such funds are fully insured by the FDIC to the maximum extent for each party. If Servicer is a mortgage banker, all funds must be held in a bank meeting the requirements outlined in sections (i)-(iii) of this paragraph. In all events the Servicer shall furnish SONYMA with a copy of the statement of each such account once each year or more often as may be required by SONYMA or any supervisory authority.

Upon any subsequent assignment of any Mortgage Loan, SONYMA shall mail written notice thereof to the Servicer, giving the name and address of the assignee. Until the Servicer receives such written notice, SONYMA shall be presumed to continue to be the owner of the Mortgage Loan, and the Servicer will be fully protected in continuing to make payments of principal and interest to SONYMA.

Except as otherwise directed by SONYMA, and except in cases where the amounts described above exceed the applicable limits of FDIC insurance, no payment of principal and interest on any Mortgage Loan shall be remitted to the Trustee by the Servicer unless (a) all maintenance charges with respect to such Mortgage Loan have been received by it from the Mortgagor and (b) such maintenance charges as shall have become payable by Mortgagor under the terms of the Mortgage Loan have been paid and discharged in full by the Servicer; provided, however, the Servicer shall apply any payments received from the Mortgagor so as to avoid defaults adversely affecting the rights of SONYMA. The term "maintenance charges" as herein used means taxes, insurance premiums for hazard and flood insurance, any premiums payable under PMI and all payments, other than principal and interest, for whatever purpose required by the terms of the Mortgage Loan documents.

6. COMPENSATION OF SERVICER. Notwithstanding any other provision contained in this Agreement or the Mortgage Purchase Agreement related to the Mortgage Loans serviced hereunder the Servicer shall not charge or collect any fees or compensation of any kind from SONYMA or any other party for its services under this Agreement, except as expressly provided in this Paragraph or by SONYMA in its applicable Servicer's Guide. The parties hereto agree that, to the extent authorized by law, the Servicer shall receive the tax credits prescribed in Sections 190, 210 and 1456 of the Tax Law of New York (as amended from time to time) in the manner and amount provided in said Sections 190, 210 and 1456. In addition, the Servicer shall be entitled to retain all late charges collected from the Mortgagor (provided that the Servicer shall impose, waive, enforce and otherwise act with regard to late charges on Mortgage Loans serviced hereunder to the same extent as the Servicer acts on such charges on mortgages held for

its own account and in accordance with applicable Federal or State law or regulation). The Servicer will also be entitled to reimbursement from SONYMA to the extent provided in Paragraph 13 of this Agreement.

7. POSSESSION OF MORTGAGE NOTES. SONYMA shall retain possession of the original notes and other documents evidencing Mortgage Loans and shall release such documents only upon the request of the Servicer and under the following conditions:

(a) in the event that the Servicer delivers a certificate to SONYMA stating that the Mortgage Loan has been paid or will be paid in full and that such payments have been or will be deposited in accordance with the Servicing Agreement; or

(b) in the event that the Servicer delivers a certificate to SONYMA stating that foreclosure or other enforcement proceedings, including proceedings necessary for the collection of any insurance proceeds, are required and stating further that the Servicer will, within twenty-one (21) days following any release by SONYMA of the mortgage documents (or within such other period as may be then prescribed by law) in order to continue the perfection of the security interest of SONYMA in the Mortgage Loan evidenced by such mortgage documents either (i) complete the foreclosure and liquidation of the Mortgage Loan or (ii) return the mortgage documents to SONYMA, or (iii) take such action, with the approval of SONYMA, as may be necessary to assure that SONYMA's security interest in the Mortgage Loan is not impaired or destroyed.

From time to time and as appropriate for the servicing of any Mortgage Loan in accordance with the Servicing Agreement, including for this purpose collection of any insurance proceeds, SONYMA may appoint the Servicer as its agent and attorney-in-fact to execute such documents and to take such other actions as shall be necessary to the prosecution of any such action or proceeding.

8. INSURANCE. (a) As to each Mortgage Loan serviced hereunder, the Servicer shall, within ten (10) days of the date of conveyance to SONYMA, notify by certified mail the insurance company issuing each policy:

(i) of mortgage impairment insurance or insurance providing substantially similar coverage or benefits; or

(ii) of life, health, accident or other similar insurance on the Mortgagor which pertains to or originated as the result of any such Mortgage Loan,

that such was conveyed to SONYMA and the date of such conveyance.

The Servicer shall see to it that at all times during the existence of the respective Mortgage Loans all of the buildings and improvements upon the Eligible Property are kept insured against loss or damage by fire, with extended coverage, and from such other insurable hazards and risks as is customary in the locality where the Eligible Property is located and such other hazards or risks as SONYMA may in its discretion require for its protection. Such policies shall be written by insurance companies satisfactory to SONYMA which are qualified to write insurance within the State. Policies issued by mutual companies shall be nonassessable. Such policies shall be in amounts specifically designated by

SONYMA, or, if not designated, in an amount at least equal to that customary in the geographical area in which the property is located, but no less than the insurable value of the Eligible Property, provided that fire and extended coverage shall not be required in an amount in excess of replacement cost of the improvements on the Eligible Property. The amount of coverage shall be sufficient, except for deductibles as permitted below, so that in the event of any damage or loss to the property, coverage by the insurance shall provide the greater of: (i) compensation equal to the full amount of damage or loss; or (ii) compensation to the mortgagee under the Mortgage Loan equal to the full amount of the unpaid balance of the Mortgage Loan. The Servicer shall promptly notify SONYMA of any loss or damage by fire, or from any other cause, to the Eligible Property in excess of fifteen thousand dollars (\$15,000.00), and will not make any agreement with respect to the rehabilitation of the property as the result of such damage without the written consent of SONYMA. The Servicer shall use its best efforts to assist in the collection of the proceeds of such policies with respect to all losses which may occur. The Servicer shall supervise all repairs if so instructed by SONYMA and in general shall do all things reasonable or necessary to protect the interests of SONYMA as mortgagee. The Servicer shall transmit to SONYMA all checks and drafts on losses exceeding fifteen thousand dollars (\$15,000.00).

(b) The Servicer shall comply with all rules and regulations of the FDIC. In addition, the Servicer shall take all steps necessary to ensure that such insurance on funds which relate to Mortgage Loans serviced hereunder and are held by the Servicer in escrow or otherwise shall inure to the benefit of SONYMA.

The Servicer shall keep in force during the term of this Agreement or any extension thereof a policy or policies of insurance covering errors and omissions in the handling of the insurance coverage, which policy or policies shall be in such form and amount as shall be satisfactory to SONYMA.

9. **DEFAULTS OF MORTGAGORS.** In the event that principal, interest or any maintenance charges with respect to any Mortgage Loan are delinquent, the Servicer shall report such delinquencies to SONYMA in such form and at such times as provided for the Servicer's Guide. In the event that the Mortgagor fails to perform any other covenant or obligation under the Mortgage Loan, Servicer shall report such failure as prescribed in the Servicer's Guide. In addition to statements, reports and recommendations as to defaults provided for in the Servicer's Guide, the Servicer shall send to SONYMA such additional statements, reports and recommendations, of the character hereinabove provided, as SONYMA may from time to time request.

10. **INSPECTIONS.** The Servicer shall make an inspection of the Eligible Property covered by the Mortgage Loan at any time it learns of a situation or circumstance which might adversely impact the Eligible Property such as, but not limited to, default by the Mortgagor, non-owner occupancy of the Eligible Property, use of the Eligible Property for nonresidential purposes, and hazard or flood insurance losses. It shall furnish SONYMA with a written report within thirty (30) days after the date of such inspections setting forth those premises which in its opinion were not in satisfactory condition and, in such case, its recommendation as to the future action to be taken in respect thereto. The Servicer shall make such reasonable additional inspections as SONYMA may from time to time request and furnish SONYMA with a written report covering such inspections within thirty (30) days after the date thereof in the form and containing the information required by SONYMA.

11. **NOTIFICATIONS BY SERVICER.** Servicer shall, in addition to the other notifications called for herein, promptly notify SONYMA in writing of any of the following which come to the attention of the

Servicer.

- (a) the Eligible Property is no longer the principal residence of the Mortgagor or is being used in a trade or business;
- (b) abandonment of the Eligible Property;
- (c) any lack of repair or any other deterioration or waste suffered, threatened or committed in respect of any Eligible Property; and
- (d) any other matter which would adversely affect or result in a diminution of the value of SONYMA's security.

12. COMPLIANCE WITH POLICY OF POOL INSURANCE AND POLICIES OF PRIMARY PRIVATE MORTGAGE INSURANCE. (a) SONYMA requires that each Mortgage Loan serviced hereunder shall be insured by the applicable Pool Insurer(s) under a policy(ies) of Pool Insurance. The Servicer shall comply with all provisions of such Pool Insurance, including the obligation to maintain in force all policies of PMI, until such PMI is no longer required under the terms of State law or by SONYMA.

(b) If the PMI or Pool Insurance with respect to any Mortgage Loan lapses or is voided or is reduced, released or adversely affected in any way as a result of the Servicer's error, act or omission, the Servicer, at the option of SONYMA, shall purchase such Mortgage Loan from SONYMA for an amount equal to its then unpaid principal balance together with accrued but unpaid interest thereon to the date of repurchase.

13. FORECLOSURE. In case of default on a Mortgage Loan, the Servicer, in accordance with the Servicer's Guide, shall promptly institute foreclosure proceedings or shall proceed to acquire the Eligible Property by such other means as SONYMA shall direct. The Servicer through an attorney acceptable to SONYMA shall conduct all such proceedings as directed by SONYMA, the applicable Pool Insurer and/or PMI, and take title to the property in the name designated by SONYMA.

The Servicer shall see to it that all such proceedings are conducted in the best interests of SONYMA and until the completion thereof shall protect the Eligible Property from waste.

SONYMA agrees to reimburse the Servicer for necessary and reasonable costs and expenses of any such proceedings, including reasonable attorney's fees, upon settlement of all insurance claims. Any requests for such reimbursement shall include properly drawn bills indicating the services provided, materials purchased and the cost thereof.

14. PROPERTY MANAGEMENT. In the event that foreclosure proceedings are instituted, the Servicer from the date of the commencement thereof and including any subsequent holding of title by SONYMA, shall manage and protect said Eligible Property in such manner and to such extent as are customarily embraced in the proper management of property in the locality involved. Such services shall include, but not be limited to, the rental of the Eligible Property if permissible under the applicable laws and requested by SONYMA, the collection of rents, attending to insurance on the premises in the manner provided in Paragraph 8 hereof, management and supervision of repairs and maintenance of the Eligible

Property as approved by SONYMA and any PMI and/or Pool Insurer, and the rendering to SONYMA of such reports as SONYMA may require. The Servicer shall remit to SONYMA or deposit for its account, as SONYMA shall instruct, all rental income or other money attributable to the Eligible Property which may come into its hands.

15. **FIDELITY BOND AND ERRORS AND OMISSIONS.** The Servicer agrees to keep in force throughout the term of this Agreement, at no cost to SONYMA, a fidelity bond of an incorporated surety company authorized to do business in the State of New York, and a Mortgagee's Errors and Omissions Policy satisfactory to SONYMA as to form, company and amount protecting the Servicer against loss of any money or other property entrusted to the Servicer or the Servicer's officers or employees or coming into their control, caused by any dishonest, fraudulent or criminal act, direct or indirect and wherever committed, of the Servicer or of its employees. The minimum amount of the bond shall be equal to a percentage of the total portfolio of mortgages serviced, originated and sold to others or held in the portfolio as set forth in the Servicer's Guide.

For Servicers who are mortgage bankers, SONYMA will accept coverage under a Mortgage Bankers Blanket Bond Policy. If Servicer is owned as a sole proprietorship, individual coverage will be required.

The Servicer must report to SONYMA within ten (10) business days, any event giving rise to a possible claim on the fidelity bond where the loss could exceed \$100,000 irrespective of whether SONYMA's interest will be affected. The Servicer further agrees to furnish, at no cost or expense to SONYMA, a certificate from the insurance carrier of such fidelity coverage attesting to the form and amount of the policy and expressly affirming that there can be no charge or cancellation of coverage except on ten (10) days' written notice by registered mail to SONYMA.

16. **RECORDS.** The Servicer shall keep satisfactory books and records pertaining to each Mortgage Loan, by bond series, which reflect the interest of SONYMA and the Trustee therein and shall make its report in such manner as SONYMA may prescribe. The Servicer shall permit SONYMA or its authorized representatives to examine all books and records relating to the Mortgage Loan. The Servicer shall supply SONYMA with photostatic or other copies of such records as SONYMA may desire at no cost to SONYMA. Such records may not be destroyed or otherwise disposed of without the prior written consent of SONYMA.

17. **TERMINATION FOR CAUSE.** Notwithstanding any provisions herein to the contrary, SONYMA may terminate this Agreement immediately upon the mailing of written notice of termination by SONYMA to the Servicer upon the occurrence of any one or more of the following events:

- (a) Upon the violation by the Servicer of any provision of this Agreement or Guide, or any other agreement with, or undertaking to, SONYMA whether in connection with the Mortgage Loans or otherwise, or upon cancellation of the fidelity bond or Mortgage Bankers Blanket Bond Policy provided for herein; and
- (b) With respect to mortgage bankers, if said mortgage banker ceases to be an approved FNMA or FHLMC servicer; and
- (c) Upon the appointment of a receiver or liquidator of or for the Servicer, or of or for any of the

property of the Servicer, whether voluntary or involuntary; or upon the making by any person, firm or corporation of an application for any such appointment; or upon a total or, in the opinion of SONYMA, a substantial suspension or discontinuance of the business of the Servicer; or upon the making of any assignment for the benefit of the creditors, or composition of creditors, or upon the adjudication of the Servicer as insolvent; or upon the filing of any petition in bankruptcy or petition for a bankruptcy composition arrangement or extension; or upon the approval of any other petition pursuant to the provisions of any chapter of the Bankruptcy Act of the United States as amended, by or against the Servicer; or upon any part of the business or property of the Servicer being taken possession of or closed by any governmental agency or body with or without warrant of law; or upon the Servicer becoming the subject of liquidation or dissolution proceedings or any proceedings permitting the filing of claims by creditors; or upon the issuance of any warrant of attachment or an attachment or other process against any of the credits or property of the Servicer; or upon the entry of judgment in an amount deemed substantial by SONYMA against the Servicer, either separately or jointly with any other party; or upon the commencement of any creditors' proceedings under the statutes of any state; or upon the insolvency or an act of insolvency of Servicer, or upon the appointment of a committee of creditors of Servicer, or if in the judgment of SONYMA the Servicer becomes incapacitated by operation of law or fact from faithfully performing its duties pursuant to the terms of this agreement.

Servicer agrees that if any of the events specified in Subparagraphs (a), (b) and (c) of this Paragraph shall happen, it will give notice thereof to SONYMA within two (2) business days after the happening of such event.

Upon the mailing by SONYMA to Servicer of a notice of termination pursuant to this Paragraph 17, the rights and duties of Servicer shall immediately terminate, but Servicer shall be required to make any accounting to SONYMA as provided in Paragraph 19 hereof.

18. **TERMINATION WITHOUT CAUSE.** After one hundred twenty (120) calendar days from the date hereof, SONYMA may terminate this Agreement as of right without cause upon no less than twenty (20) calendar days written notice to Servicer. At the expiration of such twenty (20) days, the rights and duties of Servicer shall immediately terminate, but Servicer shall be required to make an accounting as provided in Paragraph 19 hereof.

SONYMA shall pay the Servicer as liquidated damages (but without any further liability whatsoever to SONYMA) One Hundred Dollars (\$100.00) if such termination occurs within the first five (5) years from the date of this Agreement. Thereafter, SONYMA may terminate this Agreement without cause by written notice to Servicer as aforesaid but without the payment of any penalty or damages and without any liability whatsoever to SONYMA.

19. **EFFECT OF TERMINATION: ACCOUNTING.** From and after the effective date of termination of this Agreement pursuant to any provision hereof, the Servicer shall be relieved of further responsibility in connection with servicing the Mortgage Loans. The Servicer forthwith upon such termination shall (a) pay over to SONYMA all moneys collected and held by it pursuant to this Agreement and/or pursuant to any agreement, letter or arrangement relating to the Mortgage Loan, (b) deliver to SONYMA or its designee all loan documents, insurance policies, and records in connection therewith, and (c) deliver to

SONYMA a full accounting, including a statement showing the monthly payments collected by it and a statement of moneys held in trust by it for the payment of maintenance or other charges with respect to the Mortgage Loans.

20. **TERM OF AGREEMENT.** Unless sooner terminated as herein provided or by mutual agreement, this Agreement shall continue from the date hereof during the term of the Mortgage Loans, and until the principal and interest on all Mortgage Loans is paid in full.

It is further agreed that the Servicer shall continue to service for any period of time during which title to an Eligible Property is held by SONYMA. This obligation shall continue should SONYMA have to sell the property and take back a purchase money mortgage.

21. **INDEMNIFICATION.** It is agreed that if at any time any action or other legal proceeding should be instituted against SONYMA by reason of any act or failure to act on the part of the Servicer, the Servicer shall indemnify and save SONYMA and its officers, directors and employees harmless of and from any and all loss, damage and/or expense which it or they may sustain or incur by reason thereof including, without limitation, the amount of any claim, damage, expense or judgment, plus any costs and interest thereon, which may be entered against SONYMA or any such person in any such action or proceedings, as well as any and all attorney's fees and other disbursements paid or incurred in connection therewith.

22. **ANNUAL REPORT OF SERVICER'S FINANCIAL CONDITION.** The Servicer shall furnish to SONYMA, at the Servicer's expense and in the manner set forth in the Servicer's Guide, a complete audit of its financial condition, together with an audit of the balances in the accounts held in trust for SONYMA at least once yearly or more often as may be required by SONYMA. At the request of SONYMA, this annual reporting shall include trial balances of all accounts held by the Servicer for Mortgagor's escrowed funds for payment of maintenance charges. For Servicers who are mortgage bankers, such Servicers must also submit copies of the Mortgage Bankers Financial Reporting Form submitted annually to FNMA, FHLMC and the Mortgage Bankers Association.

23. **ASSIGNMENT.** This Agreement shall not be assigned or sub-contracted to another party, whether by operation of law or otherwise, by the Servicer or its successors or assigns without the written consent of SONYMA. In the event that SONYMA shall consent to the assignment of this Agreement, SONYMA reserves the right to assess a servicing transfer fee.

24. **OPINION OF COUNSEL.** Prior to the execution of this Agreement by SONYMA, the Servicer must deliver to SONYMA a satisfactory Opinion of Counsel in the same form as Exhibit A attached hereto.

25. **SERVICER NOT TO RESIGN.** The Servicer shall not have the right to resign from the obligations and duties hereby imposed on it.

26. **JURISDICTION.** The Servicer hereby consents to the jurisdiction of the courts of the State of New York for any proceeding in connection with this Agreement.

27. **SEPARABILITY.** Invalidation of any one of the provisions of this Agreement, by judgment or court order, shall in no way affect any other provision herein contained, which provisions shall remain in full force and effect.

28. ***NO REMEDY EXCLUSIVE.*** Unless otherwise expressly provided, no remedy herein conferred upon or reserved to any party is intended to be exclusive of any other available remedy, but each remedy shall be cumulative and shall be in addition to other remedies given under this Agreement or existing at law or in equity. No delay or omission to exercise any right or power accruing under this Agreement shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient.

29. ***FURTHER ASSURANCE AND CORRECTIVE INSTRUMENTS.*** To the extent permitted by law, SONYMA and the Servicer agree that each will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may be reasonably required or appropriate to further express the intention of, or to facilitate the performance of this Agreement.

30. ***NO RIGHTS CONFERRED UPON OTHERS.*** Nothing in the Agreement shall confer any right upon any person, including holders of SONYMA bonds, other than (i) the parties to this Agreement and (ii) the Trustee.

31. ***LIMITATION ON LIABILITY.*** Each party to the Agreement shall be liable under this Agreement only to the extent that obligations are explicitly imposed upon and undertaken by the party against whom enforcement is sought.

32. ***NOTICES.*** All notices from the Servicer to SONYMA shall be sent by mail addressed to SONYMA at the address herein specified unless another address is designated in writing by SONYMA, and all notices from SONYMA to Servicer shall be sent by mail addressed to Servicer at the address as it appears on the front cover of this Agreement unless another address is designated in writing by Servicer.

33. ***PLACE OF CONTRACT.*** This Agreement is and at all times shall be, for all purposes, a New York contract, and shall take effect in the State of New York and be interpreted and construed in accordance with the Laws of the State of New York.

34. ***CAPTIONS.*** The captions contained in this Agreement are intended for convenience and reference purposes only and shall in no way be deemed to define, limit or describe the scope or intent of this Agreement or any provision thereof, nor in any way affect this Agreement.

35. ***STANDARD PROVISIONS FOR STATE CONTRACTS.*** The "Standard Provisions for State Contract" annexed as Exhibit B hereto shall be binding upon the Servicer as if incorporated in this Agreement.

36. **INTERPRETATION.** In the event of any conflict between the terms of this Agreement and the State of New York Mortgage Agency Servicer's Guide, the terms of the Servicer's Guide shall govern.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by its duly authorized officers as of the date and year first written above.

STATE OF NEW YORK MORTGAGE AGENCY

By _____

Date _____

(Title)

(Servicer)

By _____

Date _____

(Title)

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EXHIBIT A

FORM OF OPINION OF COUNSEL

, 20

State of New York Mortgage Agency
641 Lexington Avenue
New York, New York 10022

Gentlemen:

I have acted as counsel to [name of lending institution] (hereinafter referred to as the "Bank") in connection with the authorization, execution and delivery by the Bank of the Mortgage Purchase Agreement (hereinafter referred to as the "Purchase Agreement"), executed by the Bank on _____, 20____, between the Bank and the State of New York Mortgage Agency (hereinafter referred to as "SONYMA" or "Agency") and the Mortgage Servicing Agreement (hereinafter referred to as the "Servicing Agreement"), executed by the Bank on _____, 20____, between the Bank and the Agency.

I have reviewed the organizational documents of the Bank, all corporate proceedings in connection with the authorization, execution and delivery of the Purchase Agreement and the Servicing Agreement, and I have examined such other documents and instruments and satisfied myself as to such other matters of fact and law as I have deemed necessary as a basis for the conclusions of law contained in the opinions set forth below.

On the basis of the foregoing, I am of the opinion that:

(a) the Bank is a _____ duly organized under the laws of _____ and validly existing and in good standing under the laws of _____ and has the power and authority, corporate and other, to own its properties and carry on its business as it is now being conducted and as contemplated under the Purchase Agreement and the Servicing Agreement, is duly qualified to do such business in the State of New York and wherever such qualification is required and possesses all requisite power and authority to execute, deliver and comply with its obligations under the terms of the Purchase Agreement and the Servicing Agreement;

(b) the execution and delivery of the Purchase Agreement and the Servicing Agreement in the manner contemplated therein by the Bank, and the performance and compliance with the terms thereof, (i) will not violate the instruments creating the Bank, or governing its operations, or any laws or any requirements imposed by any judicial or arbitral body or governmental instrumentality which could have any material adverse effect whatsoever on the validity, performance or enforceability of any of the terms of the Purchase Agreement and the Servicing Agreement applicable to the Bank, and (ii) will not constitute a material default (or any event which will constitute a default with notice or lapse of time) under, or a breach of, any material contract, agreement or other instrument by which the Bank is bound or affected;

(c) the Purchase Agreement and the Servicing Agreement, and all documents and instruments contemplated thereby which are executed and delivered by the Bank, will constitute

valid, legal and binding obligations of the Bank, enforceable in accordance with their respective terms, except as the enforcement thereof may be limited by bankruptcy, insolvency, reorganization or similar laws affecting the enforcement of creditors' rights generally, the making and performance of which have been duly authorized by all necessary corporate and other action;

(d) the Bank is not under any cease and desist order or other order of a similar nature, temporary or permanent, of any Federal or state authority, nor are there any proceedings presently in progress, or to my knowledge contemplated, which would, if successful, lead to the issuance of any such order;

(e) there are no bankruptcy, insolvency or similar proceedings instituted by or against the Bank and the Bank has not made any assignment for the benefit of its creditors or voluntarily suspended payment of its obligations;

(f) the Bank is located in the State of New York and is a bank or trust company, savings bank, savings and loan association, industrial bank, credit union, national banking association, federal savings and loan association, federal credit union or New York State licensed mortgage banker approved as a mortgage lender by the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation;

(g) neither the making nor performance of the Purchase Agreement and the Servicing Agreement requires the consent or approval of any governmental instrumentality or, if such consent or approval is required, it has been obtained.

Very truly yours,

EXHIBIT B

STANDARD PROVISIONS FOR NEW YORK STATE CONTRACT

1. This Agreement may not be assigned by Servicer (the "Contractor") or its right, title or interest therein assigned, transferred, conveyed, sublet or disposed of without the prior written consent of SONYMA.

2. This Agreement shall be deemed executory only to the extent of money available to SONYMA for the performance of the terms hereof and no liability on account thereof shall be incurred by SONYMA beyond moneys available for the purpose thereof.

3. The Contractor specifically agrees, as required by Labor Law, Sections 220 and 220-d, as amended, with respect to any part of the Agreement which may involve the employment of laborers, workmen and mechanics, that:

(a) No laborer, workman or mechanic, in the employ of the Contractor, subcontractor or other person doing or contracting to do the whole or any part of the work contemplated by the Agreement shall be permitted or required to work more than eight hours in any one calendar day or more than five days in any one week, except in the emergencies set forth in the Labor Law.

(b) The wages paid for a legal day's work shall not be less than the prevailing rate of wages as defined by law.

(c) The minimum hourly rate of wages shall not be less than that stated in the agreement and any redetermination of the prevailing rate of wages after the agreement is approved shall be deemed to be incorporated herein by reference as of the effective date of redetermination and shall form a part of this Agreement.

(d) The Labor Law provides that the Agreement may be forfeited and no sum paid for any work done thereunder on a second conviction for willfully paying less than:

(1) The stipulated wage scale as provided in Labor Law, Section 220 Subdivision 3, as amended, or

(2) Less than the stipulated minimum hourly wage scale as provided in Labor Law, Section 220-d, as amended.

4. The Contractor specifically agrees, with respect to any part of the Agreement that calls for the construction, alteration or repair of any public building or public work or for the manufacture, sale or distribution of materials, equipment or supplies, as required by the provisions of the Labor Law, Section 220-e, as amended that:

(a) In hiring of employees for the performance of work under this Agreement or any subcontract hereunder, or for the manufacture, sale or distribution of materials, equipment or supplies hereunder, no consultant, subcontractor nor any person acting on behalf of such

consultant or subcontractor, shall be reason for race, creed, color, sex, or national origin discriminate against any citizen of the State of New York who is qualified and available to perform the work to which the employment relates.

(b) No consultant, subcontractor nor any person on his behalf shall, in any manner, discriminate against or intimidate any employee hired for the performance of work under this contract on account of race, creed, color, sex, or national origin.

(c) There may be deducted from the amount payable to the Contractor by SONYMA under this Agreement a penalty of five dollars for each person for each calendar day during which such person was discriminated against or intimidated in violation of the provisions of the Agreement.

(d) This Agreement may be canceled or terminated by SONYMA and all moneys due or to become due hereunder may be forfeited for a second or any subsequent violation of the terms or conditions of this section of the Agreement.

(e) The aforesaid provisions of this section covering every Agreement for or on behalf of SONYMA for the manufacture, sale or distribution of materials, equipment or supplies shall be limited to operations performed within the territorial limits of the State of New York.

5. During the performance of this Agreement, the Contractor agrees as follows:

(a) The Contractor will not discriminate against any employee or applicant for employment because of race, creed, color, sex, national origin, age, disability, or marital status.

(b) If directed to do so by the Commissioner of Human Rights, the Contractor will send to each labor union or representative of workers with which the Contractor has or is bound by a collective bargaining or other agreement or understanding, a notice, to be provided by the State Commissioner of Human Rights, advising such labor union or representative of the Contractor's agreement under clauses (a) through (g) (hereinafter called "non-discrimination clauses"). If the Contractor was directed to do so by SONYMA as part of the bid or negotiation of this Agreement, the Contractor shall request such labor union or representative to furnish a written statement that such labor union or representative will not discriminate because of race, creed, color, sex, national origin, age, disability or marital status, and that such labor union or representative will cooperate, within the limits of its legal and contractual authority, in the implementation of the policy and provisions of these non-discrimination clauses and that it consents and agrees that recruitment, employment and the terms and conditions of employment under this Agreement shall be in accordance with the purposes and provisions of these non-discrimination clauses. If such labor union or representative fails or refuses to comply with such a request that it furnish such a statement, the Contractor shall promptly notify the State Commissioner of Human Rights of such failure or refusal.

(c) If directed to do so by the Commission of Human Rights, the Contractor will post and keep posted in conspicuous places, available to employees and applicants for employment, notices to be provided by the State Commissioner of Human Rights setting forth the substance

of the provisions of clauses (a) and (b) and such provisions of the State's laws against discrimination as the State Commissioner of Human Rights shall determine.

(d) The Contractor will state, in all solicitations or advertisements for employees placed by or on behalf of the Contractor, that all qualified applicants will be afforded equal employment opportunities without discrimination because of race, creed, color, sex, national origin, age, disability or marital status.

(e) The Contractor will comply with the provisions of Sections 290-299 of the Executive Law and with the Civil Rights Law, will furnish all information and reports deemed necessary by the State Commissioner of Human Rights under these non-discrimination clauses and such sections of the Executive Law, and will permit access to the Contractor's books, records and accounts be the State Commissioner of Human Rights, the Attorney General and the Industrial Commissioner for the purposes of investigation to ascertain compliance with these non-discrimination clauses and such sections of the Executive Law and Civil Rights Law.

(f) This Agreement may be forthwith canceled, terminated or suspended, in whole or in part, by SONYMA upon the basis of a finding made by the State Commissioner of Human Rights that the Contractor has not complied with these non-discrimination clauses, and the Contractor may be declared ineligible for future contracts made by or on behalf of the State or public authority or agency of the State, until the Contractor satisfies the State Commissioner of Human Rights that the Contractor has established and is carrying out a program in conformity with the provisions of these non-discrimination clauses. Such finding shall be made by the State Commissioner of Human Rights after conciliation efforts by the Commissioner have failed to achieve compliance with these non-discrimination clauses and after a verified complaint has been filed with the Commissioner, notice thereof has been given to the Contractor and an opportunity has been afforded the Contractor to be heard publicly in accordance with the Executive Law. Such sanctions may be imposed and remedies invoked independently of or in addition to sanctions and remedies otherwise provided by law.

(g) The Contractor will include the provisions of clauses (a) through (f) in every subcontract or purchase order in such a manner that such provisions will be binding upon each subcontractor or vendor as to operations to be performed within the State of New York. The Contractor will take such action in enforcing such provisions of such subcontract or purchase order as the State Commissioner of Human Rights or SONYMA may direct, including sanctions or remedies for non-compliance. If the Contractor becomes involved in or is threatened with litigation with a subcontractor or vendor as a result of such direction by the State Commissioner of Human Rights or the contracting agency, the Contractor shall promptly so notify the Attorney General, requesting the Attorney General to intervene and protect the interests of the State of New York.

6. (a) If Contractor has previously submitted a bid, then by submission of such bid, each bidder and each person signing on behalf of any bidder certifies, and in the case of a joint bid each party thereto certifies as to its own organization, under penalty of perjury, that to the best of his knowledge and belief:

(l) The prices in this bid have been arrived at independently without collusion, con-

sultation, communication or agreement, for the purpose of restricting competition as to any matter relating to such prices with any other bidder or with any competitor;

(2) Unless otherwise required by law, the prices which have been quoted in this bid have not been knowingly disclosed by the bidder prior to opening, directly or indirectly, to any other bidder or to any competitor;

(3) No attempt has been made or will be made by the bidder to induce any other person, partnership or corporation to submit or not to submit a bid for the purpose of restricting competition.

(b) A bid shall not be considered for award nor shall any award be made where (a) (1) (2) and (3) above have not been complied with provided, however, that if in any case the bidder cannot make the foregoing certification, the bidder shall so state and shall furnish with the bid a signed statement which sets forth in detail the reasons therefor. Where (a) (1) (2) and (3) above have not been complied with, the bid shall not be considered for award nor shall any award be made unless the head of the purchasing unit of SONYMA to which the bid is made, or his/her designee, determines that such disclosure was not made for the purpose of restricting competition.

The fact that a bidder (a) has published price lists, rates, or tariffs covering items being procured, (b) has informed prospective customers of proposed or pending publication of new or revised price lists for such time, or (c) has sold the same items to other customers at the same prices being bid, does not constitute, without more, a disclosure within the meaning of paragraph A-6(a).

7. This Agreement shall be void and of no force and effect unless the Contractor shall provide coverage for the benefit of, and keep covered during the life of this Agreement, such employees as are required to be covered by the provisions of the Worker's Compensation Law.

8. If, in carrying out this work a harmful dust hazard is created for which appliances or methods for the elimination of harmful dust have been approved by the Board of Standards and Appeals, then the Contractor shall install, maintain and effectively operate such appliances and methods during the life of this Agreement, and in case of failure of compliance of the Contractor, as provided by Section 222-a of the Labor Law, the Agreement shall be void.

9. In accordance with Chapters 406 and 821 of the Laws of 1981, the Contractor hereby promises, asserts and represents that neither the Contractor nor any substantially owned or affiliated person, firm, partnership or corporation has participated, is participating or shall participate in an international boycott in violation of the provisions of the United States Export Administration Act of 1969, as amended, or the United States Export Administration Act of 1979, or the effective Regulations of the United States Department of Commerce promulgated under either act.

It is understood further that SONYMA in awarding a contract does so in material reliance upon the promise and representation made by the Contractor in the foregoing paragraph and that such contract shall be rendered forfeit and void by the State Comptroller if subsequent to the execution of the contract, the Contractor or such owned or affiliated person, firm, partnership or corporation has been convicted of a violation of the aforesaid Acts or Regulations or has been found upon final determination of the

United States Commerce Department or any other appropriate agency of the United States to have violated such Acts or Regulations.

The Contractor agrees to and shall notify the Commissioner of General Services and the Director of the Bureau of Contracts and State Expenditures in the Department of Audit and Control of any such conviction or final determination of violation within five (5) days thereof.

10. The contractor hereby agrees to the provisions of Section ~2601 and ~2602 of the Public Authorities Law which require that upon the refusal of a person, when called before a grand jury, head of a state department, temporary state commission or other state agency, the organized crime task force in the department of law, head of a city department, or other city agency, which is empowered to compel the attendance of witnesses and examine them under oath to testify in an investigation concerning any transaction or contract had with the state, any political subdivision thereof, a public authority or with any public department, agency or official of the state or of any political subdivision thereof, or of a public authority, to sign a waiver of immunity against subsequent criminal prosecution or to answer any relevant questions concerning such transaction or contract,

(a) such person, and any firm, partnership or corporation of which he is a member, partner, director or officer shall be disqualified from thereafter selling to or submitting bids to or receiving awards from or entering into any contracts with any public authority or official thereof for goods, work or services, for the period of five years after such refusal, and

(b) any and all contracts with any public authority or official thereof, since the effective date of this law, by such person, and by any firm, partnership, or corporation of which he is a member, partner, director or officer may be canceled or terminated by the public authority without incurring any penalty or damages on account of such cancellation or termination, but any monies owing by the public authority for goods delivered or work done prior to the cancellation or termination shall be paid.