# Attachment B

## The Industrial Development Authority of the City of Phoenix, Arizona and The Industrial Development Authority of the County of Maricopa

### Series 2024 Single Family Mortgage Revenue Bond Program

### STANDARDS AND REQUIREMENTS

Pursuant to Arizona Revised Statutes Section 35-706.D., The Industrial Development Authority of the City of Phoenix, Arizona and The Industrial Development Authority of the County of Maricopa (collectively, the "**Authorities**") have established the following Standards and Requirements for the financing of mortgage loans (the "**Mortgage Loans**") pursuant to the Authorities' Series 2024 Single Family Mortgage Revenue Bond Program (the "**Program**"). The bonds issued to finance the Program (the "**Program Bonds**") are to be issued and the Program is to be administered in accordance with Title 35, Chapter 5, Arizona Revised Statutes (the "**Act**"), and certain Program Bonds may be "qualified mortgage bonds" as defined in Section 143 of the Internal Revenue Code of 1986, as amended (the "**Tax Code**"), and bear interest which is excluded from gross income for federal income tax purposes. The Authorities intend to issue the Program Bonds in multiple tax-exempt and/or taxable series/subseries pursuant to a plan of finance. The proceeds of the Program Bonds are to be used to finance and refinance mortgage loans on residences in all areas within Maricopa County, Arizona, including within the City of Phoenix, Arizona, but not in any incorporated city or town which exercises its statutory right to prohibit mortgage loans financed by the Program on residences within its boundaries (the "**Mortgage Loans**").

Any and all portions of these Standards and Requirements are subject to change from time to time as approved by the Authorities in accordance with the Act.

1. ***Eligibility of Mortgage Lenders***. In order to be eligible to originate Mortgage Loans pursuant to the Program, each participating mortgage lender (collectively, the "**Lenders**") must:

(a) Be approved as a mortgagee by the Federal Housing Administration ("**FHA**"), the United States Department of Agriculture, Rural Housing Service ("**RHS**"), and/or the Department of Veterans Affairs ("**VA**"), and be approved as sellers and servicers of mortgage loans by Fannie Mae (formerly known as the Federal National Mortgage Association) or the Federal Home Loan Mortgage Corporation ("**Freddie Mac**"), as required by the Act.

(b) Be approved as a mortgagee by the United States Department of Housing and Urban Development ("**HUD**"), if the Lender is to originate Mortgage Loans guaranteed by HUD.

(c) Be organized and existing under the laws of the State, another state, or the United States and be qualified to do business in the State as required by the Act.

(d) Agree to such terms and conditions as shall be approved by the Authorities and set forth in one or more Program guides for the origination of Mortgage Loans (collectively, the "**Program Guidelines**").

The Authorities may permit nonprofit organizations to participate in the Program by agreement with one or more Lenders having the qualifications set forth above.

Mortgage Loans originated by the Lenders will be acquired from the Lenders by the loan servicer for the Program (the "**Servicer**") and serviced by the Servicer. The trustee (the "**Trustee**") under the trust indenture pursuant to which the Program Bonds will be issued (the "**Indenture**") will acquire from the Servicer guaranteed mortgage certificates ("**Certificates**") backed by Mortgage Loans originated by Lenders and sold to the Servicer. The Certificates will be guaranteed as to timely payment of principal and interest by the Government National Mortgage Association ("**GNMA**"), Fannie Mae, Freddie Mac, other approved issuers of Certificates or other credit enhancement. The Trustee will also reimburse the Servicer for second-lien mortgage loans made by the Authorities in connection with a first Mortgage Loan backing a Certificate to finance a Mortgagor's (as defined below) down payment and closing costs with respect such first Mortgage Loan (each a "**DPA Second-Lien Mortgage Loan**"). The Lenders must originate each Mortgage Loan in conformity with the requirements of FHA, RHS, VA, the United States Department of Agriculture, HUD Section 184, Fannie Mae, Freddie Mac or other credit enhancer, as applicable, existing at the time of such origination.

2. ***Time Period for Disbursements for Mortgage Loans***. Generally, Lenders must originate and deliver Mortgage Loans within the period or periods set forth in the Program Guidelines and, with respect to any tax-exempt Program Bonds, the period or periods set forth in the Tax Code.

3. ***Character of Residences***. The character of the residences to be financed by Mortgage Loans will be residences permitted under the Act, provided that any residences financed by Mortgage Loans which are, in turn, financed with the proceeds of tax-exempt Program Bonds shall also satisfy the requirements of the Tax Code and the regulations thereunder.

4. ***Eligibility of Persons of Low and Moderate Income***. Participating mortgagors (the "**Mortgagors**") in the Program:

(a) Must have a family income at the time of origination of the Mortgage Loan not in excess of the maximum amount to be established from time to time by the Authorities, which amount, subject to adjustment by the Authorities if and to the extent permitted by applicable law, shall not exceed either the amount permitted by the Act or, for Mortgage Loans financed with the proceeds of tax-exempt Program Bonds, the amount permitted by the Tax Code.

(b) As and to the extent required by the Act, must not have received, during the three-year period immediately preceding the date of origination of the Mortgage Loan, another Mortgage Loan financed directly or indirectly from the proceeds of obligations issued by the Authorities under the Act.

(c) As and to the extent required by the Tax Code for Mortgage Loans financed with the proceeds of tax-exempt Program Bonds, must not have had an ownership interest in a principal residence at any time during the three-year period ending on the date of execution of the Mortgage Loan, except that this requirement does not apply to any Mortgage Loan for a target area residence or to any qualified rehabilitation loan or qualified-home improvement loan (each as defined in the Tax Code) or to a qualified veteran (as defined in 38 U.S.C. Section 101).

(d) As and to the extent required by the Tax Code for Mortgage Loans financed with the proceeds of tax-exempt Program Bonds and as permitted by FHA, RHS, VA, GNMA, Fannie Mae, Freddie Mac or other credit enhancer, if a Mortgagor is assuming a Mortgage Loan previously financed in the Program, the assuming mortgagor must meet the tests provided for in paragraph 3 and in paragraphs 4(a), 4(b) and 4(c), and the purchase price for the residence must not be in excess of the applicable maximum purchase price on the date of assumption.

5. ***Terms and Conditions of the Mortgage Loans***. Each Mortgage Loan:

(a) Will have a term of not to exceed 30 years.

(b) Will provide for approximately level monthly payments for principal and interest for the life of the Mortgage Loan.

(c) Will have an interest rate not greater than 12.0% per annum and may provide down payment and closing cost assistance in the form of a DPA Second-Lien Mortgage Loan in an amount not to exceed 5.0% of the principal amount of the Mortgage Loan.

(d) May be assumable, subject to the requirements described in paragraph 4(d).

(e) Will be secured by a first lien on the property financed by the Mortgage Loan and satisfy either or both of the credit or credit enhancement requirements of the Program as set forth in the Program Guidelines.

(f) May have an interest rate buy-down to the extent permitted by FHA, RHS, VA, HUD, Fannie Mae, Freddie Mac, as applicable.

6. ***Insurance***. The following amounts and types of insurance will be required:

(a) On each Mortgage Loan, FHA insurance, a VA guarantee, an RHS guarantee, a HUD Section 184 guarantee or such private mortgage guaranty insurance as may be required by GNMA, Fannie Mae, Freddie Mac or other credit enhancer, as applicable.

(b) On the property financed by each Mortgage Loan, such casualty insurance and flood insurance as may be required by FHA, VA, RHS, HUD, GNMA, Fannie Mae, Freddie Mac or other credit enhancer, as applicable.

(c) An American Land Title Association approved mortgage guaranty title insurance policy in an amount at least equal to the outstanding principal amount of each Mortgage Loan insuring title to the real property financed by such Mortgage Loan, subject to customary exceptions.

(d) Any other insurance required by FHA, VA, RHS, HUD, GNMA, Fannie Mae, Freddie Mac or other credit enhancer, as applicable.

If deemed advisable by the Authorities, financial guaranty insurance may be obtained on all or a portion of any series/subseries of the Program Bonds.

7. ***Representations and Warranties of Mortgage Lenders***. In order to ensure compliance with these Standards and Requirements, each Lender shall make representations or warranties to the Authorities with regard to such Lender's eligibility to participate in the Program and such other matters deemed appropriate by the Authorities, which representations and warranties shall be provided for in the Program Guidelines.

8. ***Restrictions as to Interest Rate, Terms of Mortgage Loans and Return Realized by Mortgage Lenders***. The stated interest rate on the Mortgage Loans shall be determined by the Authorities from time to time and shall not exceed the maximum rates described in paragraph 5(c). Other terms and conditions of the Mortgage Loans shall be as provided in paragraphs 4 and 5 hereof.

Each Lender originating a Mortgage Loan may charge (to the extent permitted by applicable law), subject to further limitation by the Authorities:

(a) An origination fee not to exceed 1.0% of the unpaid principal amount of the Mortgage Loan which may be collected and retained by the Lender from the Mortgagor in connection with the origination of the Mortgage Loan.

(b) Discount points not to exceed 1.0% of the unpaid principal amount of the Mortgage Loan.

(c) Closing costs customarily and usually charged by lenders in originating and processing comparable mortgage loans in Maricopa County not financed through tax-exempt bond programs.

(d) If the Lender has paid an extension fee for a longer origination period for origination of a Mortgage Loan for new construction, an amount equal to such extension fee.

The purchase price for each Mortgage Loan paid to the Lender by the Servicer will reimburse the Lender for any down payment and closing cost assistance advanced by the Lender to the Mortgagor in connection with a DPA Second-Lien Mortgage Loan, if applicable, and provide the Lender with a net compensation, including the 1.0% origination fee described in (i) above and the discount points described in (ii) above, not to exceed 2.50% of the purchased Mortgage Loan.

The Servicer will service the Mortgage Loans. The Servicer shall retain from the monthly payments on each Mortgage Loan a servicing fee in an amount not to exceed 1.00% per annum of the outstanding principal balance of the Mortgage Loans serviced. The Servicer will pay all GNMA, Fannie Mae and Freddie Mac fees with respect to the Mortgage Loans from such servicing fee.

9. ***Collateral Security***. The Trustee, on behalf of the Authorities, will disburse Program Bond proceeds to acquire Certificates and to reimburse DPA Second-Lien Mortgage Loans. The Program Bonds will be limited obligations of the Authorities payable from and secured by all right, title and interest of the Authorities in and to the Certificates, the Mortgage Loans, the DPA Second-Lien Mortgage Loans, the revenues pledged under the Indenture, the net proceeds of the sale of each series/subseries of the Program Bonds and other moneys on deposit in funds held by the Trustee pursuant to the Indenture. Each Mortgage Loan will be secured by a first lien Mortgage on the residence financed. Each DPA Second-Lien Mortgage Loan will be secured a second lien Mortgage on the residence financed.

10. ***Assignment of Mortgage Loans to the Trustee***. Pursuant to the Indenture, the Trustee will purchase and/or reimburse Certificates and DPA Second-Lien Mortgages, as applicable, in order to finance the origination of Mortgage Loans by the Lenders. The Trustee shall act on behalf of the Authorities as provided in the Indenture and, as and to the extent required by the Act, shall be (i) either a bank or trust company qualified to do business in the State, having an officially reported combined capital surplus, undivided profits and reserves of not less than $15,000,000, and (ii) approved to sell mortgages to and to service mortgages for GNMA, Fannie Mae and Freddie Mac.

11. ***Other Matters***. Standards and requirements not set forth above shall be set forth in the Authorities' general plan for the Program, the Program Guidelines, one or more guides for the servicing of Mortgage Loans, the Indenture, the resolutions providing for the issuance of the Program Bonds, and the Authorities' Master Mortgage Purchase Agreement, all in form and substance that have been approved by the Authorities.

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The foregoing Standards and Requirements were established by The Industrial Development Authority of the City of Phoenix, Arizona and by The Industrial Development Authority of the County of Maricopa on the date(s) indicated below.

**THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE CITY OF PHOENIX, ARIZONA**

By: ________________________________________
Name: Juan Salgado
Its: Chief Executive Officer
Date: May 16, 2024

**THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE COUNTY OF MARICOPA**

By:________________________________________
Name: Shelby Scharbach
Its: Executive Director
Date: May 14, 2024

[SIGNATURE PAGE TO STANDARDS AND REQUIREMENTS]