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VIA HAND DELIVERY AND EMAIL

November 18, 2020

Mr. Ramón Valadez, Chairman

Ms. Sharon Bronson

Mr. Steve Christy

Ms. Ally Miller

Ms. Betty Villegas

PIMA COUNTY BOARD OF SUPERVISORS

County Administration Building

130 West Congress Street, 11th Floor

Tucson, Arizona 85701

Re: The Joint Revolving Taxable Single Family Mortgage Loan Program of 2012 (commonly known as “Pima Tucson Homebuyers Solution Program”) of The Industrial Development Authority of the County of Pima and The Industrial Development Authority of the City of Tucson, Arizona

Dear Mr. Chairman and Members of the Board:

Subject to your approval, The Industrial Development Authority of the County of Pima (the “*Pima Authority*”), granted its final approval to a resolution authorizing the extension, and amendment of, certain terms of the Joint Revolving Taxable Single Family Mortgage Loan Program of 2012, commonly known as the Pima Tucson Homebuyers Solution Program (the “*Program*”), created by the Pima Authority and The Industrial Development Authority of the City of Tucson, Arizona (the “*Tucson Authority*”), at its regular meeting held on November 13, 2020.

The Pima Authority respectfully requests that this matter be placed on the Board of Supervisors' Meeting Agenda scheduled for December 1, 2020, for the purpose of having the Board of Supervisors approve the action of the Pima Authority. Enclosed herewith are drafts of the following:

1. Resolution of the Board of Supervisors;
2. Pima Authority's Resolution;
3. First Amendment to the Amended and Restated Intergovernmental Agreement; and
4. Second Amended and Restated Standards and Requirements.

The Program is used to finance the acquisition of single-family dwelling units by low and moderate-income persons and families in Pima County, including the City of Tucson, Arizona. The Program has been very successful, providing in excess of \$750 million of reserved mortgage loans, most with varying levels of down payment assistance, to homebuyers throughout Pima County. The mortgage rates, which change daily, are currently as low as 2.625% annual interest rate today for a government mortgage loan with 3.0% downpayment assistance. The scheduled termination date of the Program was December 31, 2020 in the Amended and Restated Intergovernmental Agreement dated as of December 1, 2017. The Pima Authority and the Tucson Authority would like to extend the Program termination date to December 31, 2023 and increase the maximum Program size, to \$50,000,000 all as stated in the First Amendment to the Amended and Restated Intergovernmental Agreement.

The structure of the Program has not changed. The Lenders involved with the Program originate 30-year, fixed rate first position mortgages on owner-occupied single-family dwelling units to qualifying borrowers who are of low and moderate income (as defined in the relevant Arizona statute and HUD regulations) and a forgivable three year second mortgage loan. The Pima Authority and the Tucson Authority provide monies to finance down payment and closing costs on such first position loans. The first position mortgage loans, once made and certificated, are sold to the regular mortgage markets.

The Program is a special limited obligation of the Pima Authority and the Tucson Authority and will be payable solely from payments made on the mortgages. Neither the faith and credit, nor the taxing power of the Pima Authority, the Tucson Authority, the State of Arizona or Pima County or any other political subdivision thereof, will be pledged to the payment of the Program. Neither the Pima Authority nor the Tucson Authority have any taxing power.

I will be available prior to the meeting to answer any questions you may have and to meet with you at your convenience. Thank you for your consideration of this matter.

Sincerely,

SLANIA LAW, PLLC

/s/

Michael A. Slania
Attorney for the Pima Authority

MAS/ub
Enclosures

c: Ms. Julie Castenada (w/ enclosures)
Regina Nassen, Esq., Counsel to the Board
Mr. Charles Huckelberry, Pima County Administrator
Mr. Jan Leshner, Deputy Pima County Administrator
Mr. Patrick Cavanaugh, Economic Development Office

RESOLUTION NO. 2020 - _____

A RESOLUTION OF THE BOARD OF SUPERVISORS APPROVING THE PROCEEDINGS OF THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE COUNTY OF PIMA AND AMENDMENTS TO THE JOINT REVOLVING TAXABLE SINGLE FAMILY MORTGAGE LOAN PROGRAM OF 2012 OF THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE COUNTY OF PIMA AND THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE CITY OF TUCSON, ARIZONA; AND DECLARING AN EMERGENCY

WHEREAS, The Industrial Development Authority of the County of Pima (the “*Authority*”) is a nonprofit corporation designated as a political subdivision of the State of Arizona, organized and existing pursuant to The Industrial Development Financing Act, Title 35, Chapter 5, Arizona Revised Statutes, as amended (the “*Act*”); and

WHEREAS, the Authority is authorized to finance mortgage loans for owner-occupied single family dwelling units to be occupied by persons of low and moderate income and to exercise such powers in Pima County, but excluding the City of Tucson; and

WHEREAS, the Authority has created and subsequently amended a program to finance mortgages, jointly with The Industrial Development Authority of the City of Tucson, Arizona (the “*Tucson Authority*” and together with the Authority, the “*Authorities*”), pursuant to the terms of an Intergovernmental Agreement (as previously amended, the “*IGA*”), by and between the Authority and the Tucson Authority entitled the Joint Revolving Taxable Single Family Mortgage Program of 2012 (the “*2012 Program*”) in an aggregate principal amount not to exceed \$40,000,000 for the purpose of financing mortgage loans to low and moderate income person meeting the requirements of the Act; and

WHEREAS, the Authority, by resolution adopted November 13, 2020 (the “*Authority Resolution*”), approved, the First Amendment to the Amended and Restated Intergovernmental Agreement and the Second Amended and Restated Standards and Requirements (the “*Amended Documents*”); and requested the Pima County Board of Supervisors (the “*Board*”) to provide its approval as required by Sections 35-706.A and 35-706.D of the Act; and

Whereas, the Authority has filed with the Clerk a copy of the Amended Documents; and

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF SUPERVISORS OF PIMA COUNTY, AS FOLLOWS:

Section 1. Pursuant to the Act, the Board of Supervisors hereby approves the Amended Documents in the form on file with the Clerk.

Section 2. The officers of Pima County and the Board are hereby authorized and directed to take all actions necessary or reasonably required to carry out, give effect to and consummate the transactions contemplated hereby and to take all actions necessary in conformity with the Act to implement the 2012 Program, as amended, including without limitation, the execution and delivery of and any and all other documents required to be delivered by Pima County in connection therewith.

Section 3. This Resolution will be in full force and effect from and after its passage as provided by law, and any provisions of any previous resolutions in conflict with the provisions herein are hereby superseded.

Section 4. It is necessary for the preservation of the peace, health and safety of the residents of Pima County, that this resolution become immediately effective upon its passage and adoption, and, accordingly, an emergency is hereby declared to exist, and this resolution shall be effective immediately upon its passage and adoption.

PASSED, ADOPTED AND APPROVED by the Board of Supervisors of Pima County, Arizona this 1st day of December, 2020.

PIMA COUNTY BOARD OF SUPERVISORS

By: _____
Ramon Valadez, Chair

ATTEST:

Julie Castañeda, Clerk

APPROVED AS TO FORM:



Regina L. Nassen, Deputy County Attorney

RESOLUTION OF THE BOARD OF DIRECTORS OF THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE COUNTY OF PIMA AUTHORIZING (I) AN EXTENSION OF THE JOINT REVOLVING TAXABLE SINGLE FAMILY PROGRAM OF 2012; (II) AN INCREASE IN THE MAXIMUM PROGRAM AMOUNT OF SUCH PROGRAM; (III) THE EXECUTION AND DELIVERY OF CERTAIN AMENDING PROGRAM DOCUMENTS; AND (IV) THE DELEGATION TO CERTAIN OFFICERS OF THE POWER TO TAKE ALL SUCH ACTIONS AS ARE NECESSARY OR APPROPRIATE TO ACCOMPLISH THE FOREGOING

WHEREAS, The Industrial Development Authority of the County of Pima (the "Pima Authority"), is a nonprofit corporation designated as a political subdivision of the State incorporated with the approval of the Board of Supervisors of Pima County, Arizona (the "County"), pursuant to the provisions of the Constitution of the State and under Title 35, Chapter 5 of the Arizona Revised Statutes, as amended (Section 35-701 through 35-761, inclusive) the ("Act"); and

WHEREAS, The Industrial Development Authority of the City of Tucson, Arizona (the "Tucson Authority") is a nonprofit corporation designated as a political subdivision of the State of Arizona (the "State") incorporated with the approval of the Mayor and Council of the City of Tucson, Arizona (the "City"), pursuant to the provisions of the Constitution of the State and the Act; and the Pima Authority and the Tucson Authority are individually and collectively referred to herein as (the "Authorities"); and

WHEREAS, the Authorities have established programs to take advantage of opportunities designed to alleviate the shortage of single family housing and mortgage credit for housing within the means of persons and families of low and moderate income; and

WHEREAS, in 2012 the Authorities established a mortgage loan financing and down payment assistance program through The Industrial Development Authority of the City of Tucson, Arizona and The Industrial Development Authority of the County of Pima Joint Revolving Taxable Single Family Mortgage Program of 2012 originally established in the amount of \$10,000,000 as increased previously and commonly referred to as the Pima Tucson Homebuyers Solution Program (the "2012 Program") in cooperation with which 2012 Program was undertaken with the jurisdictional boundaries of the County; and

WHEREAS, the 2012 Program does not involve the issuance of mortgage revenue bonds by the Tucson Authority or the Pima Authority as funds for the origination of qualifying mortgage loans under the 2012 Program shall be provided by means of the sale of the GNMA Certificates to the Securities Purchaser and the application of certain other funds not involving the general funds of the Tucson Authority or the Pima Authority, as more fully described herein; and

WHEREAS, the 2012 Program involves, all as defined in the prior related Resolutions, and as may have been amended or restated previously: (1) certain Lender Agreements, (2) the Servicing Agreement, (3) the Master GNMA/Mortgage Backed Securities Purchase Agreement, (4) the Program Administration Agreement, (5) the Standards and Requirements, (6) the

Intergovernmental Agreement, and (7) various ancillary agreements and other documents as required for the 2012 Program (each of the foregoing are collectively referred to as the “2012 Program Documents”); and

WHEREAS there have been prior changes to the 2012 Program (including previous extensions) and prior amendments to the 2012 Program Documents approved by this Board; and

WHEREAS, the Authorities have seen the need for additional amendments to the 2012 Program, including an extension of the term of the 2012 Program, an increase in the Maximum Program Amount of the 2012 Program to \$50,000,000, including amendments to Intergovernmental Agreement, the Standards and Requirements and the Master Mortgage-Backed Security Purchase Agreement with Stifel, Nicolaus & Company, Incorporated; and

WHEREAS, these changes to the 2012 Program are in furtherance of the purposes of the Act and in the public interests of Pima County, Arizona and the State of Arizona.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of The Industrial Development Authority of the County of Pima that:

Section 1. Definitions. In addition to the words and terms elsewhere defined in this Resolution, the capitalized words and terms used herein shall have the meaning given in the original Resolution and amendments thereto.

Section 2. Ratification of Actions. All actions (not inconsistent with the provisions of this Resolution) heretofore taken by or at the direction of the Pima Authority and its directors, officers, counsel, advisors or agents in furtherance of the 2012 Program are hereby approved and ratified.

Section 3. Conditions. The amendments to the 2012 Program shall not be effective unless and until: (a) all the agreements, certificates, documents or instruments requiring the execution or consent of the Pima Authority are in a form and substance acceptable to the Pima Authority’s counsel, including that the 2012 Program is solely for the benefit of persons of low and moderate income as contemplated by Arizona Revised Statutes Sections 35-701(7) and 35-706(I); (b) the Pima Authority receives such opinions, certificates, comfort letters and consent letters in connection with the 2012 Program as the Pima Authority’s counsel or advisors may deem necessary or appropriate, in form and substance satisfactory to the Pima Authority’s counsel and advisors; and (c) receipt of the City’s and County’s approval of the First Amendment to Amended and Restated Intergovernmental Agreement and the Second Amended and Restated Standards and Requirements in the manner contemplated by Arizona Revised Statutes Sections 35-706.A and 11-952.02.

Section 4. Intergovernmental Agreement. The Pima Authority hereby approves the terms and provisions of the First Amendment to Amended and Restated Intergovernmental Agreement with the Tucson Authority which extends the 2012 Program’s Maturity Date to December 31, 2023 and provides for an increase in the Maximum Program Amount of the 2012 Program to \$50,000,000, with regard to joint actions between the Pima Authority and the Tucson Authority to jointly administer the 2012 Program and to combine jurisdictions. The Pima Authority, through any officer, is hereby authorized to enter into the First Amendment to Amended and Restated

Intergovernmental Agreement, in the form of such document presented to this meeting, with such insertions, deletions and changes as are approved by the officer authorized to execute the documents (which approval will be conclusively established by their execution thereof), if acceptable to the Pima Authority's counsel.

Section 5. Standards and Requirements. The Pima Authority hereby approves the terms and provisions of the Second Amended and Restated Standards and Requirements with the Tucson Authority with regard to certain lender requirements. The Pima Authority, through any officer, is hereby authorized to enter into the Second Amended and Restated Standards and Requirements, in the form of such document presented to this meeting, with such insertions, deletions and changes as are approved by the officer authorized to execute the documents (which approval will be conclusively established by their execution thereof), if acceptable to the Pima Authority's counsel.

Section 6. Security Purchase Agreement. The Pima Authority hereby approves the terms and provisions of the Second Amended and Restated Master Mortgage-Backed Security Purchase Agreement with Stifel, Nicolaus & Company, Incorporated. The Pima Authority, through any officer, is hereby authorized to enter into the Second Amended and Restated Master Mortgage-Backed Security Purchase Agreement, in the form of such document presented to this meeting, with such insertions, deletions and changes as are approved by the officer authorized to execute the documents (which approval will be conclusively established by their execution thereof), if acceptable to the Pima Authority's counsel.

Section 7. Further Actions. The officers of the Pima Authority, upon satisfaction of the conditions set forth in Section 3 hereof, shall take all action necessary or reasonably required to carry out, give effect to and consummate the transactions contemplated hereby and thereby, including without limitation, the execution and delivery of the closing and other documents required to be delivered in connection with this resolution. Furthermore, any officer of the Pima Authority is hereby authorized to execute any such agreements, documents, certificates and other documentation relating to the 2012 Program.

Section 8. Open Meeting Laws. It is found and determined that all formal actions of the Pima Authority and its Board of Directors concerning and relating to the adoption of this Resolution were adopted in an open meeting and that all deliberations that resulted in those formal actions were in meetings open to the public, in compliance with all legal requirements of the State and the Pima Authority.

Section 9. Severability. If any section, paragraph, clause or provision of this Resolution shall, for any reason, be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Resolution.

Section 10. Waiver. Any provisions of the Pima Authority's Amended and Restated By-Laws, Procedural Pamphlet or prior resolutions inconsistent herewith are waived to the extent only of such inconsistency. This waiver shall not be construed as repealing any such By-Laws, Procedural Pamphlet or resolution or any part thereof.

Section 11. Headings. Subject headings included in this Resolution are included for purpose of convenience only and shall *not* affect the construction or interpretation of any of its provisions.

Section 12. Effectiveness. This Resolution shall be effective immediately.

Section 13. Notice. Notice of A.R.S. Section 38-511 is hereby given. The provisions of that statute by this reference are incorporated herein to the extent of applicability to matters contained herein under the laws of the State of Arizona.

Section 14. No Personal Liability; Limited Obligations. Neither (i) Pima County and the Members of its Board of Supervisors as the Members of the Governing Body of the Pima Authority nor (ii) shall have any personal liability related to the 2012 Program. The Pima Authority's directors, officers, counsel and agents shall not be subject to any personal liability or accountability by reason of the transaction described herein. The obligations of the Pima Authority are limited as specified in the 2012 Program Documents.

ADOPTED AND APPROVED this 13th day of November 2020.

THE INDUSTRIAL DEVELOPMENT AUTHORITY
OF THE COUNTY OF PIMA

By: 

Frank Y. Valenzuela, President

Attachments: Form of First Amendment to Amended and Restated
Intergovernmental Agreement
Form of Second Amended and Restated Standards and Requirements
Form of Second Amended and Restated Master Security Purchase Agreement

1st AMENDMENT TO THE
AMENDED & RESTATED
INTERGOVERNMENTAL AGREEMENT
BY AND BETWEEN
THE INDUSTRIAL DEVELOPMENT AUTHORITY
OF THE CITY OF TUCSON, ARIZONA
AND
THE INDUSTRIAL DEVELOPMENT AUTHORITY
OF THE COUNTY OF PIMA

This 1st Amendment to the Amended and Restated Intergovernmental Agreement, dated as of **December 1, 2020** (the "**Amendment**"), is by and between The Industrial Development Authority of the City of Tucson, Arizona (the "**Tucson Authority**") and The Industrial Development Authority of the County of Pima (the "**Pima Authority**"), each a nonprofit corporation recognized, existing under and designated separately as a political subdivision of the State of Arizona (the "**State**"), pursuant to the Industrial Development Financing Act, **Title 35, Chapter 5**, of the Arizona Revised Statutes (the "**IDA Act**") (the Tucson Authority and the Pima Authority are collectively the "**Authorities**") and relates to the Amended and Restated Intergovernmental Agreement, dated as of **December 1, 2017** (the "**Prior Agreement**")

RECITALS

A. The public purpose of both the Tucson Authority and the Pima Authority includes the encouragement of investment and lending by private enterprise for, and the stimulation of acquisition, construction and/or rehabilitation of housing for families of low and moderate income.

B. Under their enabling legislation, the Tucson Authority and the Pima Authority have the power, either individually or jointly, to assist in the financing owner-occupied single family dwelling units secured by deeds of trusts or mortgages.

C. Under their enabling legislation, the Tucson Authority and the Pima Authority have the power, either individually or jointly, to issue single family mortgage revenue bonds and mortgage credit certificates for the benefit of persons of low and moderate income as contemplated by **Arizona Revised Statutes Sections 35-701(7) and 35-706(I)**, without the need to issue new Bonds or MCCs.

D. Pursuant to the Act, there are separate allocations of the State of Arizona Private Activity Bond Volume Cap for the purposes of issuing mortgage revenue bonds ("**Bonds**") and/or mortgage credit certificates ("**MCCs**") to benefit the citizens of the City of Tucson, Arizona (the "**City**") and Pima County (the "**County**").

E. The initial Intergovernmental Agreement among such parties relating to the PTHS Program (as defined herein) was dated **November 1, 2012**, in which the Tucson

Authority and the Pima Authority determined that was in the best interest of the citizens of the City and the County to cooperate in the development and implementation of their **\$10,000,000** The Industrial Development Authority of the City of Tucson, Arizona and The Industrial Development Authority of the County of Pima Joint Revolving Single Family Program of **2012** commonly known as the Pima Tucson Homebuyers Solution Program (the "**PTHS Program**") for the purpose of creating **30-year** fixed rate Federal Housing Administration ("**FHA**") and the Department of Veterans Affairs ("**VA**") loans with **4%** down payment assistance ("**DPA**") for the benefit of persons of low and moderate income as contemplated by **Arizona Revised Statutes Sections 35-701(7) and 35-706(I)**, without the need to issue new Bonds or MCCs, and such PTHS Program Loans would be bundled into participation certificate insured by the Government National Mortgage Association ("**Ginnie Mae**" or "**GNMA**").

F. In response to the extremely positive reception by the home buying market, on or about **May 1, 2013**, the parties entered into a First Amendment to the initial Intergovernmental Agreement, for the purpose of increasing the Maximum Program Amount to **\$15,000,000** from **\$10,000,000**.

G. Again, in response to the extremely positive reception by the home buying market, on or about **August 1, 2014**, the parties entered into a Second Amendment to the Intergovernmental Agreement, for the purposes of (1) extending the PTHS Program Term to **December 31, 2016**, (2) allowing the Authorities the power to vary the DPA from time to time within a range of **2 ½%** and **6%**, and (3) allowing for adjustments to certain rates, fees and charges under the PTHS Program.

H. In response to favorable market demand, in **May 2015**, the Authorities (1) increased the "**Maximum Program Amount**" to **\$40,000,000** from **\$15,000,000**, (2) expanded the loan products offered under the PTHS Program to include mortgage loans in conformity with the current requirements of conventional loans, **FHA**, **VA**, **Ginnie Mae**, the Federal National Mortgage Association ("**Fannie Mae**" or "**FNMA**"), the Federal Home Loan Mortgage Corporation ("**Freddie Mac**" or "**FHLMC**") or the United States Department of Agriculture, Rural Development ("**USDA-RD**"), or the United States Department of Housing & Urban Development ("**HUD**"), as applicable, existing at the time of such origination (individually and collectively, the "**Loans**"), and (3) expanded the permitted forms of mortgaged-backed securities permitted in the PTHS Program to include those guaranteed as to timely payment of principal and interest by **Ginnie Mae**, **Fannie Mae** or **Freddie Mac** and backed by first mortgage loans originated by Lenders (individually and collectively, the "**Mortgage-Backed Securities**").

I. Acting on behalf of itself and the Arizona Home Foreclosure Prevention Funding Corporation ("**Foreclosure Prevention Corporation**") and the Arizona Housing Finance Authority (the "**AZHFA**"), the Arizona Department of Housing (the "**Department**", hereinafter the Department, the Foreclosure Prevention Corporation and AZHFA are collectively referred to as "**ADOH**"), ADOH and the parties hereto entered into a Pathway to Purchase Agreement (the "**P2P Program**") for the purpose of utilizing certain monies from the United States Department of Treasury through the Troubled Asset Relief Program's Hardest-Hit Fund (the "**Fund**") within certain areas of the City, which was later expanded into the County prior to **December 31, 2020**.

J. Under the P2P Program, qualified homebuyers will be entitled to receive down payment assistance in an amount equal to **10%** of the purchase price of the Qualified Residence up to a maximum of **\$20,000**, and within the P2P Program down payment assistance will be in the form of a subordinate promissory note bearing **Zero%** interest rate and no obligation for monthly payments and secured by a **2nd** position Deed of Trust encumbering the Qualified Residence.

K. The P2P Program was a separate channel under the PTHS Program; which fully originated.

L. Unfortunately, US Bank as Servicer has experienced mortgage prepayment speeds well in excess of that anticipated and the Servicer has requested that the parties approve, and did approve the DPA be transformed from a grant to a **3 year** forgivable **2nd** mortgage loan (the “**2nd Mortgage Loan**”) as of **January 1, 2018** and the parties made certain amendments to affect such change in **2017**.

M. In response to continued market demand for loans originating through the PTHS Program, the parties desire to extend the term of the PTHS Program to **December 31, 2023** and to increase the maximum size of the PTHS Program to **\$50,000,000**.

N. Consistent with the terms and conditions set forth below, the Tucson Authority and the Pima Authority desire to enter into this Amendment, in order to pursue the common development and implementation of the PTHS Program.

AGREEMENT

NOW, THEREFORE, the Tucson Authority and the Pima Authority hereby agree to such amendments to the Prior Agreement, as follows:

Article I – Specific Covenants

The Authorities hereby agree to the following specific covenant, in substitution for the corresponding sections of the Prior Agreement:

Section 1.06. Term.

(a) **Effective Date.** This Agreement shall be effective upon date first written above.

(b) **Expiration.** This Agreement shall expire on **December 31, 2023** (or upon the termination of the PTHS Program, whichever is later), unless otherwise terminated earlier by an Authority pursuant to **Section 1.06(c)**.

(c) **Maximum Program Size.** The maximum program size shall be

\$50,000,000.

(d) Termination.

- (i) This Agreement may be terminated prior to its expiration pursuant to **Section 1.06(b)** by the Tucson Authority or Pima Authority upon giving written notice **15 days** prior to the date of termination (the "**Termination Date**"); provided that such termination shall not affect outstanding GNMA securities to be bundled or sold.
- (ii) If a notice of termination of this Agreement is given by an Authority pursuant to **Section 1.06(c)(i)**, then the parties agree to comply with the following procedure:
 - (A) The Co-Team Leaders will prepare or cause to be prepared an accounting of all fees, costs and expenses incurred by or on behalf of any Authority in connection with the development of the PTHS Program (the "**Accounting**"), which, together with supporting invoices, receipts and other records, shall be submitted to the Board of Directors of both the Tucson Authority and the Pima Authority no later than the Termination Date.
 - (B) Within **15 days** of the Termination Date, the Board of Directors of the Tucson Authority and the Pima Authority will tender payment or reimbursement of all amounts for which such Authority is responsible as set forth in the Accounting.
 - (C) Notwithstanding any provision herein to the contrary, if any of the Co-Team Leaders or the Authorities disagree in good faith as to the amount, allocation or appropriateness of any fee, cost or expense of developing the PTHS Program, the payment or reimbursement of such fee, cost or expense will be segregated from the balance of the Accounting and will be addressed in accordance with the procedure provided in **Sections 2.08(A)** and **2.08(B)**.

Section 1.07. Representation of the Tucson Authority. The Tucson Authority hereby represents warrants and covenants as follows:

(a) Authorization. The Tucson Authority has full power and authority to enter into this Agreement and the execution, delivery and consummation of this Agreement by the Tucson Authority has been duly authorized.

(b) No Violation of Laws. The execution, delivery and performance of this Agreement by the Tucson Authority does not violate or will not violate the Tucson Authority's

Articles of Incorporation, Bylaws, the Act, or any resolution of the Tucson Authority.

Section 1.08. Representations of Pima Authority. The Pima Authority hereby represents warrants and covenants as follows:

(a) Authorization. The Pima Authority has full power and authority to enter into this Agreement and the execution, delivery and consummation of this Agreement by the Pima Authority has been duly authorized.

(b) No Violation of Laws. The execution, delivery and performance of this Agreement by the Pima Authority does not violate or will not violate the Authority's Articles of Incorporation, Bylaws, the Act, or any resolution of the Pima Authority.

Article II – General Covenants

The Authorities hereby agree to the following general covenants with regard to this Amendment:

Section 2.01. General Provisions. Except to the extent inconsistent with the express language of the foregoing provisions of this Agreement, the following provisions shall govern the interpretation, application, construction and enforcement of this Agreement.

Section 2.02. Notices. Any document, notice, consent or other communication ("Notice") required or permitted under this Agreement shall be in writing and either delivered in person, sent by facsimile transmission, deposited in the United States mail, postage prepaid, addressed as follows:

Notices to the Tucson Authority shall be sent to:

The Industrial Development Authority
of the City of Tucson, Arizona
c/o Business Development Finance Corporation
Attention: President
333 N. Wilmot, Suite 227
Tucson, Arizona 85711
Facsimile: (520) 624-1728

with a copy to:

Charles W. Lotzar
Lotzar Law Firm, P.C.
7150 E. Camelback Road, Suite 455
Scottsdale, Arizona 85251
Facsimile: (480) 905-0321

Notices to the Pima Authority shall be sent to:

The Industrial Development Authority
of the County of Pima
Attention: President
c/o Slania Law, PLLC
2980 N. Swan Road, Suite 222
Tucson, Arizona 85712
Facsimile: (520) 314-3663

with a copy to:

Michael A. Slania
Slania Law, PLLC
2980 N. Swan Road, Suite 222
Tucson, Arizona 85712
Facsimile: (520) 314-3663

A Notice shall be deemed received at the time it is personally served, on the day it is sent by facsimile transmission, or, if mailed, **5 calendar days** after the Notice is deposited in the United States mail as above provided. Any time period stated in a Notice shall be computed from the time the Notice is deemed received. Either party may change its mailing address or the person to receive Notice by notifying the other party as provided in this paragraph. Notices sent by facsimile transmission shall also be sent by regular mail to the recipient at the above address. This requirement for duplicate notice is not intended to change the effective date of the Notice sent by facsimile transmission.

Section 2.03. Severability. If any provision of this Agreement is declared void or unenforceable, then such provision shall be deemed severed from this Agreement, which shall otherwise remain in full force and effect.

Section 2.04. Additional Acts and Documents. Each party agrees to do all such things and take all such actions, and to make, execute and deliver such other documents and instruments, as shall be reasonably requested to carry out the provisions, intent and purpose of this Agreement.

Section 2.05. Assignment. This Agreement may not be assigned.

Section 2.06. All Prior Agreements Superseded. This Agreement supersedes any prior agreements or understandings between the parties hereto with respect to the subject matter hereof.

Section 2.07. Conflict of Interest. All parties acknowledge that this Agreement is subject to cancellation pursuant to the provisions of Arizona Revised Statutes, **Section 38-511.**

Section 2.08. Dispute Resolution.

(A) If a dispute arises under this Agreement that cannot be settled through negotiation, then the dispute shall be resolved (a) first by the parties trying in good faith to settle the dispute by non-binding mediation under the Commercial Mediation Rules of the American Arbitration Association ("AAA"), such mediation session to be held in Tucson, Arizona and to be commenced within 14 days of the appointment of a mediator by AAA (which appointment shall be made at the earliest date practicable) or (b) if the dispute cannot be settled by mediation, then either (i) by judicial action at the election of either party or (ii) if both parties agree, by arbitration administered by AAA under its Commercial Arbitration Rules and in accordance with its expedited hearing procedures (such arbitration to be held in Tucson, Arizona before a single arbitrator by AAA), and judgment on the award rendered by the arbitrator may be answered in any court having jurisdiction thereof. The prevailing party shall be entitled to payment or reimbursement of all of its reasonable fees and expenses, including reasonable attorneys' fees and expenses.

(B) In the event of a dispute under this Agreement, the remedies hereunder shall be limited to (a) to the extent of the fees, costs and expenses allocable to such Authority under Sections 1.04(c)(ii) and 1.04(d); and (b) any fees and expenses payable under this Section 2.08(B).

Section 2.09. Counterparts. This Agreement may be executed in any number of counterparts, as such counterparts shall be deemed to constitute one and the same instrument, and each counterpart is deemed an original.

Section 2.10. Governing Law. This Agreement is governed by the laws of the State of Arizona.

Section 2.11. Full Force. Except as expressly amended herein, all other provisions of the Prior Agreement shall remain in full force and effect.

[Remainder of Page Left Blank Intentionally]

IN WITNESS WHEREOF, this Agreement has been executed as of the day and year first written above.

**THE INDUSTRIAL DEVELOPMENT
AUTHORITY OF THE COUNTY OF PIMA,
an Arizona nonprofit corporation**

By: _____
Frank Y. Valenzuela, President

APPROVED AS TO FORM:

Michael Slania
Slania Law, PLLC,
Counsel to The Industrial Development Authority
of the County of Pima

**THE INDUSTRIAL DEVELOPMENT
AUTHORITY OF THE CITY OF TUCSON,
ARIZONA, an Arizona nonprofit corporation**

By: _____
Lawrence T. Lucero, President

APPROVED AS TO FORM:

Charles W. Lotzar
Lotzar Law Firm, P.C.,
Counsel to The Industrial Development Authority
of the City of Tucson, Arizona

[Signature Page of 1st Amendment to the Amended & Restated Intergovernmental Agreement]

THE INDUSTRIAL DEVELOPMENT AUTHORITY OF
THE CITY OF TUCSON, ARIZONA

AND

THE INDUSTRIAL DEVELOPMENT AUTHORITY OF
THE COUNTY OF PIMA

\$50,000,000 THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE CITY OF
TUCSON, ARIZONA AND THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE
COUNTY OF PIMA JOINT REVOLVING TAXABLE SINGLE FAMILY MORTGAGE
PROGRAM OF 2012

SECOND AMENDED & RESTATED STANDARDS AND REQUIREMENTS

Pursuant to **Arizona Revised Statutes Section 35-706.D**, The Industrial Development Authority of the City of Tucson, Arizona (the “**Tucson Authority**”, and when working together with The Industrial Development Authority of the County of Pima (the “**Pima Authority**”), which with the Tucson Authority are, collectively, the “**Authorities**”) has established the following Amended & Restated Standards and Requirements for the financing of mortgage loans in furtherance of the **\$50,000,000** The Industrial Development Authority of the City of Tucson, Arizona and The Industrial Development Authority of the County of Pima Joint Revolving Taxable Single Family Mortgage Program of 2012 commonly known as the “**Pima Tucson Homebuyers Solution**” (the “**PTHS Program**”), and the PTHS Program shall be administered in accordance with **Title 35, Chapter 5, Arizona Revised Statutes**, as amended (the “**Act**”). As used herein, the term “**Participating Jurisdiction**” means residences in Pima County, Arizona.

These Amended & Restated Standards and Requirements shall also apply to the Pathway to Purchase Program (“**P2P Program**”) established by the Arizona Home Foreclosure Prevention Funding Corporation (“**Foreclosure Prevention Corporation**”) and the Arizona Department of Housing (the “**Department**”, hereinafter the Department and the Foreclosure Prevention Corporation are collectively referred to as “**ADOH**”) and the Authorities by their entering into a Down Payment Assistance Program Service Agreement for the purpose of utilizing certain monies from the United States Department of Treasury through the Troubled Asset Relief Program’s Hardest-Hit Fund (the “**Fund**”) within the City of Tucson, Arizona (the “**COT**”) prior to **December 31, 2020**.

Unless specifically stated otherwise herein, after **December 31, 2020** the Standards and Requirements apply solely to the PTHS Program.

1. **Eligibility of Mortgage Lenders.** In order to be eligible to originate mortgage loans within the PTHS Program, participating mortgage lenders (the “**Lenders**”) must:

(a) be approved as a mortgagee by both the Federal Housing Administration (“**FHA**”) and the Department of Veterans Affairs (“**VA**”) as required by the Act;

(b) be approved as sellers and servicers of home mortgages by either the Federal National Mortgage Association (“**Fannie Mae**” or “**FNMA**”) or the Federal Home Loan Mortgage Corporation (“**Freddie Mac**” or “**FHLMC**”) or both as required by the Act;

(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; and

(d) agree to such terms and conditions as shall be approved by U.S. Bank, National Association, as master servicer (the “**Master Servicer**”) and set forth in one or more guides for the origination of mortgage loans in the PTHS Program (collectively, the “**MBS Purchase Guide**”).

Mortgage loans originated by the Participating Lenders in accordance with the terms of the Lender Agreements (the “**Lender Agreements**”) regarding the mortgage loans among the Authorities, the Servicer and the Participating Lenders, the Participating Lender Agreement between the Servicer and the Participating Lenders (the “**Participating Lender Agreements**”), and the MBS Purchase Guide. The Mortgage Loans will be acquired from the Participating Lenders by US Bank National Association, as servicer of the mortgage loans, or any successor servicer of the mortgage loans appointed by the Authorities as the Servicer, and serviced by the Servicer in accordance with the terms of the Servicing Agreement (the “**Servicing Agreement**”) regarding the mortgage loans among the Authorities and the Servicer for the servicing of mortgage loans in the PTHS Program.

Pursuant to the Second Amended & Restated Master Mortgage – Backed Security Purchase Agreement (the “**Master Purchase Agreement**”) entered into between the Tucson Authority, the Pima Authority, Stifel Nicholas & Company, Inc., a Missouri corporation (the “**Securities Purchaser**”) and US Bank National Association, as custodial agent (the “**Custodial Agent**”), the Custodial Agent will acquire from the Servicer the mortgage-backed securities (“**Certificates**”) guaranteed as to timely payment of principal and interest by the Government National Mortgage Association (“**Ginnie Mae**” or “**GNMA**”), Fannie Mae or Freddie Mac and backed by first mortgage loans originated by Lenders and sold to the Servicer. The Participating Lenders must originate each mortgage loan in conformity with the current requirements of conventional loans, Ginnie Mae, Fannie Mae, Freddie Mac, FHA, VA or the United States Department of Agriculture, Rural Development (“**USDA-RD**”), or HUD, as applicable, existing at the time of such origination. The Authorities have entered into a Program Administration Agreement (the “**Program Administration Agreement**”) with Housing and Development Services, Inc. dba eHousingPlus (the “**Program Administrator**”).

2. **Time Period for Disbursements for Mortgage Loans.** Generally, Participating Lenders must originate and deliver mortgage loans within the period or periods set forth in the Lender Agreements and Participating Lender Agreements, including the related MBS Purchase Guide and Interest Rate Notices.

3. **Character of Residences.** The character of the residences to be financed or refinanced by mortgage loans will be 1 to 4 family residences (including manufactured housing and units in condominiums or planned unit developments, but excluding mobile homes), and

which are or will be used as the primary residences of the owners thereof and which are not, and are not intended, to be used in whole or in part, in a trade or business or for investment or rental.

4. Eligibility of Persons of Low and Moderate Income for PTHS Program. Participating mortgagors (the “Mortgagors”) in the PTHS Program:

(a) must have borrower 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, but only to the extent for the PTHS Program is solely the benefit of persons of low and moderate income as contemplated by **Arizona Revised Statutes Sections 35-701(7) and 35-706(I)**,

(b) as and to the extent required by the Act, must not have received, during the **3-year** period immediately preceding the date of origination of the mortgage loan, another mortgage loan financed directly or indirectly from the proceeds of bonds issued by the Authorities under the Act, if any have been issued; and

(c) must acknowledge in writing that in exchange for receiving down payment assistance (“DPA”) as established by the Authorities from time to time within a range of **0% to 6%**, the Mortgagors will also incur a mortgage interest rate; which is above the prevailing market rate of interest for mortgage loans without DPA.

5. Terms and Conditions of the Mortgage Loans for the PTHS Program. Each mortgage loan:

(a) shall have a term of not to exceed **34 years**;

(b) shall provide for approximately level monthly payments of principal and interest for the life of the loan;

(c) may have DPA in an amount specified by the Mortgagor based on the Interest Rate Notice and within the range of **0% and 6%**, the Mortgagors will also incur a mortgage interest rate; which may be above the prevailing market rate of interest for mortgage loans without DPA, but in no event with a mortgage loan interest rate in excess of **10.0%** per annum;

(d) will be secured by a first lien on the property financed by the mortgage loan and will satisfy the credit and/or credit enhancement requirements of the PTHS Program as set forth in the MBS Purchase Guide;

(e) may allow the DPA funds to address the Origination Fee or Discount Fee and closing cost and down payment obligations;

(f) may allow each of the Mortgagors to pay a portion of the down payment and closing costs; and

(g) may have DPA with the following characteristics:

(i) the DPA may be evidenced by a **2nd** position mortgage loan and Deed of Trust (the “**DPA Assistance Loan**”); which may bear **0%** interest; and

(ii) the DPA Assistance Loan shall be forgiven over a number of years;

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

(a) FHA insurance, a VA guarantee or a USDA-RD guarantee, a HUD guarantee or such private mortgage guaranty insurance as may be required by Fannie Mae or Freddie Mac, as applicable;

(b) on the property subject to the mortgage, such casualty insurance and flood insurance as may be required by FHA, VA, USDA-RD, Ginnie Mae, Fannie Mae or Freddie Mac, 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 the mortgage loan insuring title to the real property subject to the mortgage, subject to customary exceptions; and

(d) any other insurance on mortgage loans and/or property subject to the mortgage required by FHA, VA, USDA-RD, Ginnie Mae, Fannie Mae, Freddie Mac or other credit enhancer, as applicable.

7. **Representations and Warranties of Mortgage Lenders.** In order to insure compliance with these Standards and Requirements, each Participating Lender shall make representations or warranties to the Authorities and the Servicer with regard to such Participating Lender’s eligibility to participate, the character of property securing each mortgage loan, the eligibility of each mortgage loan, insurance coverage and such other matters deemed appropriate by the Authorities and the Servicer and their respective counsel, which representations and warranties shall be provided for in the MBS Purchase Guide, the Participating Lender Agreements, and the Lender Agreements.

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 Participating Lender from time to time based on the Interest Rate Notice issued by the Security Purchaser on behalf of the Authorities and shall not exceed the maximum rates described in **Subparagraph 5(c)** hereof for the PTHS Program. Other terms and conditions of the mortgage loans shall be as provided in **Paragraphs 3** through **6** hereof.

The Participating Lender may charge (to the extent permitted by applicable law and the Authorities) and retain or pay out on a not to exceed basis as follows:

(a) an origination fee or a discount fee, but in any event not to exceed **1.0%** of the unpaid principal amount of the first mortgage loan, which may be collected and retained by a Participating Lender to the Mortgagor for services relating to the origination of a first mortgage loan;

- (b) a compliance review fee of **\$350** charged by the Program Administrator;
- (c) a funding or transfer fee of **\$400** charged by the Servicer;
- (d) a flood certificate fee (if not using Landsafe) of **\$10.00**;
- (e) a tax service fee of **\$85**;
- (f) A one-time extension fee of **\$375**; and
- (g) other closing costs for first mortgage loans customarily and usually charged by lenders in originating and processing comparable mortgage loans in Participating Jurisdictions not financed through tax-exempt bond programs.

The Servicer will provide the Participating Lender compensation of not to exceed **3.25%** of the principal amount of the first mortgage loan (constituting an origination fee and an amount paid upon purchase by the Servicer) as set by the Authorities. VA loans will have gross compensation not to exceed **3.00%** as set by the Authorities.

No commitment fees shall be required with respect to this first-come, first-served program.

Mortgage loans will be serviced by the Servicer. The Servicer will receive a servicing fee as set by the Authorities within a range of **19 to 69 basis points** per annum of the outstanding principal balance of each of the first mortgage loans. The Servicer shall pay all application and guaranty fees of Ginnie Mae, Fannie Mae and Freddie Mac.

The Custodial Agent will disburse the Authorities a program fee as set by the Authorities from the mortgage –backed securities’ sale proceeds under the terms of the Master Purchase Agreement.

9. **Collateral.** Each mortgage loan will be secured by the residence financed. The mortgage loan shall be bundled into a participation certificate issued by mortgage-backed securities (“**Certificates**”) guaranteed as to timely payment of principal and interest by Ginnie Mae, Fannie Mae or Freddie Mac and backed by first mortgage loans originated by Participating Lenders.

10. **The Custodial Agent.** The Custodial Agent shall act as required by the Act and the Master Purchase Agreement and shall be (a) either a bank or trust company qualified to do business in the State and have an officially reported combined capital surplus, undivided profits and reserves of not less than **\$50,000,000**, and (b) approved to sell mortgages to and to service mortgages for both Fannie Mae and Freddie Mac.

11. **Other Matters.** The Authorities expect the PTHS Program to continuously make available approximately **\$50,000,000** in mortgage monies. Standards and Requirements not set forth above shall be set forth in (a) the Lender Agreements, (b) the MBS Purchase Guide, (c) the Interest Rate Notices issued by the Security Purchaser from time to time, (d) the Servicing Agreement, (e) the Master Purchase Agreement, (f) the resolutions providing for the

establishment of the PTHS Program, (g) the Authorities' invitation to the Participating Lenders to participate in the origination of mortgage loans, (h) the Program Administration Agreement, and (i) the Participating Lenders' applications to participate in the origination and sale of mortgage loans as accepted by the Servicer, all in form and substance to be approved by the Authorities and their respective counsel.

SIGNATURES APPEAR ON THE FOLLOWING PAGE

The foregoing Second Amended & Restated Standards and Requirements were approved by the Authorities on the dates indicated below for the purpose of complying with **Arizona Revised Statutes Section 35-706.D.**

Dated: **December 1, 2020.**

THE INDUSTRIAL DEVELOPMENT
AUTHORITY OF THE CITY OF TUCSON,
ARIZONA

By: _____
Lawrence T. Lucero, President

APPROVED AS TO FORM:

Charles W. Lotzar
Lotzar Law Firm, P.C.,
Counsel to The Industrial Development Authority
of the City of Tucson, Arizona

Dated: **December 1, 2020.**

THE INDUSTRIAL DEVELOPMENT
AUTHORITY OF THE COUNTY OF PIMA

By: _____
Frank Valenzuela, President

APPROVED AS TO FORM:

Michael A. Slania
Slania Law PLLC
Counsel to The Industrial Development Authority
of the County of Pima

[Signature Page -Second Amended & Restated Standards & Requirements]