

Exhibit 2

**RENEW Howard
MASTER PARTICIPATION AGREEMENT**

THIS MASTER PARTICIPATION AGREEMENT (the “Agreement”) is made this _____ day of _____, 2019 by and between the **Real Estate Charitable Foundation of Maryland, Inc.**, a Maryland nonprofit corporation (the “Administrator”), a supporting organization of the Community Foundation of Howard County, a Maryland nonprofit corporation (“Cfhoco”), whose place of business is 10440 Little Patuxent Parkway, Suite 230, Columbia, MD 21044, and _____ [**Participating Bank**], whose place of business is _____ (hereinafter referred to as the “**Principal Lender**”) and the following participating lenders as listed below with their respective principal places of business (hereinafter referred to collectively as the “Pool Participants,” and individually as a “Pool Participant”).

The purpose of this Agreement is to set out the understandings between and among the parties as to the administration of the RENEW Howard Loan Pool (hereinafter referred to as the “Loan Pool”), the underwriting standards for Loans to be made from the Loan Pool, and the coverage for losses on defaulted Loans in the Loan Pool. Listed below adjacent to Pool Participants’ names are the Pool Participant’s respective dollar commitments and percentages of participation in the total Loan Pool.

<u>Pool Participants:</u>	<u>Commitment:</u>	<u>Percentage:</u>
1.		
2.		
3.		
4.		
5.		

RECITALS

WHEREAS, the Administrator has solicited the Pool Participants to commit funds to the Loan Pool to be utilized to make Loans to owner occupants for properties that meet program guidelines as set forth in **Exhibit 1, Proposed Parameters for First Mortgage Loan for RENEW Howard**, attached hereto;

WHEREAS, the Principal Lender has agreed to be the originator and servicer of Loans made to borrowers for the purchase and rehabilitation of residential properties pursuant to certain commitments which shall be consistent with the terms and conditions set forth in **Exhibit 1**;

WHEREAS, the Principal Lender desires to execute this Agreement with the intent of selling an interest(s) in one or more Loans to the Pool Participants consistent with the terms hereinafter set forth; and

WHEREAS, the Pool Participants have agreed to purchase such Loans made by the Principal Lender with proceeds from the Loan Pool (hereinafter referred to individually as a "Loan" and collectively as "Loans").

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. This Agreement is effective as of this ____ day of _____, 2019, and shall continue until all Loans or Pool Participants have been fully repaid or all Loans otherwise discharged.
2. Each Pool Participant shall, upon execution of this Agreement, be deemed to have committed their respective percentages to the Loan Pool. Funding of specific Loans will not be requested from the Loan Pool until the Loan has been converted from rehabilitation status to permanent status.

A. LOAN PROCESSING

1. Loans will be underwritten by Principal Lender according to underwriting standards as specified in **Exhibit 1**. All Loans will be documented in compliance with all applicable laws, rules and regulations. Loans can only be made for properties in Howard County, Maryland which meet the criteria of the Program; specifically, (i) a single family attached or detached home; (ii) be at least thirty (30) years old; (iii) has a current assessed value below \$400,000; and (iv) the current list price is less than 110% of the current assessment ("Eligible Properties").
2. Loans will be made by the Principal Lender to an approved borrower (each of which is hereinafter referred to individually as a "Borrower") at an interest

rate that is .05% below the prevailing Fannie Mae fixed mortgage rate. The Principal Lender shall fully fund each Loan at the settlement of the Loan. Interest will be payable monthly to the Principal Lender by the Borrower over the term of the rehabilitation period which term as specified in **Exhibit 1**. All Loans shall be set up with interest calculated on the basis of a 30 day month and a 360 day year. Each Loan will be evidenced by a Deed of Trust Note executed by and between the Principal Lender and the Borrower (the "Note"). The Loan will be advanced pursuant to the terms of a Rehabilitation Loan Agreement (the "Rehabilitation Loan Agreement"), and will be secured by a Deed of Trust (the "Deed of Trust") covering the Borrower's real property together with all improvements constructed thereon (Borrower's "Property"), and such other loan documents as Principal Lender shall require. The Rehabilitation Loan Agreement, Note, Deed of Trust and any other documents executed and delivered to the Principal Lender in connection with a particular Loan transaction shall be collectively referred to as the "Loan Documents."

3. The Principal Lender shall retain possession and control of all Loan Documents for each Loan including but not limited to the Note, the Deed of Trust, any guarantee or guarantees, the original plans (if any) and specifications, the original title insurance policy, and any other Loan Documents required by the Principal Lender or Principal Lender's counsel in connection with the closing of such Loan, including casualty insurance in appropriate amounts with Principal Lender named as mortgagee and loss payee. No Loan Documents shall be sent to the Pool Participants. The Principal Lender shall hold the Loan Documents in trust for the Pool Participants. The Loan Documents shall not be subject to any claims of creditors of the Principal Lender. In the event of default by the Principal Lender in the conduct of its duties, the Pool Participants shall be entitled to obtain the Loan Documents from the Principal Lender.
4. During the rehabilitation term of a Loan, all of the duties and responsibilities of the Principal Lender relating to the rehabilitation activities as set forth under the Rehabilitation Loan Agreement executed by the Borrower and the Principal Lender will be performed by the Principal Lender or its consultants. The Principal Lender shall administer the Loans pursuant to accepted mortgage practices, collect and account for all payments when they become due and payable, maintain rehabilitation document files, and accounts of record, conduct pre-draw inspections, and make all approved advances under the Rehabilitation Loan Agreement.

B. SALE OF LOANS TO THE LOAN POOL

1. Upon satisfactory completion of the rehabilitation work as set forth in the Rehabilitation Loan Agreement, the Loan will be converted to permanent loan status and amortization, including monthly payment of principal, interest

and escrow payments for property taxes and hazard insurance. Within 30 days of conversion to permanent status, Principal Lender will sell the Loan to the Pool Participants by certifying that the Loan was made according to the agreed upon loan standards, and by making demand for reimbursement of unpaid principal balance plus any interim interest advanced by Principal Lender for the Loan. Thereafter, the Loan shall be owned by the Pool Participants in divided amounts equal to their respective participation interest in the Loan Pool. On the third last business day of the month, each Pool Participant shall wire transfer their prorata share of the loan balance plus any interim interest to Principal Lender immediately for Loans sold to the Loan Pool.

2. Throughout the life of the Loan, Principal Lender will service the Loans sold to the Pool Participants, collecting monthly all principal, interest and escrow payments for property taxes and hazard insurance. Principal Lender will be allowed to retain a servicing fee of 0.375% for each Loan's accrued and collected interest, and in consideration of its collection services, will be allowed to retain all late fees which shall constitute 5% of the principal and interest payment due. Servicing will be done in compliance with applicable laws, rules and regulations.
3. After the sale of a Loan to the Pool Participants, in the event of any casualty loss, the Principal Lender shall promptly notify the Pool Participants of any substantial loss or damage to the improvements covered by the Deed of Trust. In accordance with the Loan Documents, the Principal Lender shall administer the insurance proceeds in order to restore the collateral, or if unable to be restored, to reimburse the Loan Pool for sums owed.

C. EXCEPTIONS COMMITTEE

1. An Exceptions Committee will be established to consider exceptions to the loan underwriting guidelines and requests for mortgage modifications to provide appropriate advice and direction to the Principal Lender and Administrator. The Exceptions Committee will be appointed by agreement of the Administrator and Principal Lender and must consist of at least three Pool Participants which represent at least 60% interest of the Pool and Howard County, MD (hereinafter referred to as the "County"). The representative of any Pool Participant and representative from the County will automatically be a member of the Exceptions Committee at the request of the Pool Participant or the County. The Principal Lender will provide a memorandum to the members of the Committee prior to any meeting outlining the issues being brought to the Exceptions Committee and other relevant information on the Borrowers and Loans. Recommendations to the Committee may be made by either the Principal Lender or Administrator of the Loan Pool. The Committee will be chaired by a representative of the Principal

Lender. The Committee may meet in person or by teleconference or other electronic means.

D. DISBURSEMENTS

1. Principal Lender will disburse loan payments received by Principal Lender during each calendar month by wire transfer to the Pool Participants on a monthly basis after deducting its servicing fee as set forth in Section B2. Disbursement to the Pool Participants shall only be made for loan payments actually received by the Principal Lender from borrowers. No payments shall be made to the Pool Participants for loan payments not actually received by the Principal Lender.

E. REPORTS

1. The Principal Lender shall provide each Pool Participant with a monthly report, on or about the first day of each month, which report shall describe the Loans sold by Principal Lender to the Loan Pool during the preceding month.
2. Principal Lender will generate monthly electronic reports on the twenty fifth (25th) business day of the month to the Pool Participants and the Administrator. Such reports will disclose the current balance of each Loan, overdue Loans, and status of delinquency or default procedures being undertaken by Principal Lender.

F. DEFAULT BY BORROWER

1. Loans more than sixty (60) days delinquent shall be subject to the Principal Lender's usual and customary collection and foreclosure procedures. All costs relative to collection and foreclosure will be advanced by Principal Lender. In the event of foreclosure, the proceeds of sale shall be those funds remaining after payment of expenses of sale and reasonable trustee's commissions allowed by the applicable courts of the jurisdiction in which the Property is located (the "Proceeds of Sale"). Principal Lender shall be reimbursed the funds advanced for collection and foreclosure from the Proceeds of Sale before remitting the balance to the Loan Pool to reimburse or reduce the amount of indebtedness of the Borrower.
2. In the event Principal Lender shall take a Property into title as a result of foreclosure, Principal Lender shall advance the costs of management and maintenance of such Property (including, but not limited to, security, taxes, utilities and insurance, advertising and other appropriate marketing costs) until it can be resold. Principal Lender is entitled to be reimbursed from

the proceeds of resale (the “Resale Proceeds”) the direct costs it incurred associated with managing and maintaining the Property. The Resale Proceeds less Principal Lender’s direct costs shall constitute net proceeds (the “Net Proceeds”) which shall be remitted to the Pool Participants to reduce the amount of indebtedness evidenced by the principal balance of the Loan and all accrued interest and penalties. Principal Lender will provide a full accounting of all costs incurred to the Pool Participants.

G. LOAN LOSS RESERVE FUND REQUEST

1. In the event the Proceeds of Sale or the Net Proceeds are insufficient to satisfy the amount owed by the Borrower, the Principal Lender shall deliver a written demand for payment to the Administrator, together with a statement showing in reasonable detail how the liability amount was determined, accompanied by copies of the Rehabilitation Loan Agreement, Note, Deed of Trust, and the auditor’s account and court order approving same in connection with the foreclosure proceeding. Only the Principal Lender shall be entitled to make demands for payment hereunder, and the Administrator shall not be required to respond to demands for payment from any Pool Participant.
2. The Administrator will review the written demand as provided for above, and may request such other and further reasonable documentation substantiating the request for reimbursement. Should any dispute arise with respect to any costs, or the calculation of the loss, the Principal Lender and the Administrator will work in good faith to resolve any differences.

H. REMOVAL OF PRINCIPAL LENDER

1. The Pool Participants shall have the right to dismiss the Principal Lender as the originator and servicer of the Loan Pool in the event that the Principal Lender defaults in its obligations and duties as originator and servicer. In order to change the Principal Lender, the Pool Participants owning at least a majority of the percentage interest must notify the Principal Lender in writing of the defaults. The Principal Lender shall have thirty (30) days to correct the defaults. If the defaults are not corrected within the thirty (30) days, then the Pool Participants may select a new Principal Lender. A subsequent Principal Lender may be replaced by the Pool Participants by this same method in the event of default in the performance of the duties as the Principal Lender of the Loan Pool. Examples of defaults by the Principal Lender include, but are not limited to, the failure to service the Loan Pool properly and according to this Agreement, and the failure to follow the underwriting guidelines. The Principal Lender may transfer or sell its servicing rights to another entity provided that such a sale or transfer is approved by the Pool Participants owning at least sixty (60%) percent of the Loan Pool.

I. MISCELLANEOUS

1. Except as otherwise set forth herein, and except for gross negligence or willful neglect, neither the Principal Lender or the Pool Participants shall be responsible or liable to the other for payment of any Loan or for a Borrower's compliance with, or performance of, any terms or conditions contained in any Loan Documents relating to a Loan, and except for negligence or willful neglect, the Principal Lender shall not be liable to the Pool Participants for any mistake, omission, or exercise of judgment in connection with management, supervision or servicing of a Loan.
2. All notices, demands or requests required under this Agreement shall be in writing and shall be deemed to have been properly given on the date when hand-delivered or two days after the date when mailed by certified mail, return receipt requested, if to Principal Lender, at: [Lender Address & ATTN:]; if to Pool Participants, at the institutions and principal addresses as listed on Page 1 of this Agreement under Pool Participants; and if to Administrator, at: The Real Estate Charitable Foundation of Maryland, Inc., 10440 Little Patuxent Parkway, Suite 230, Columbia, MD 21044, ATTN: Beverly White-Seals, or to such other address as any party may specify in writing.
3. The Administrator, Principal Lender and Pool Participants covenant and represent that each has received the requisite corporate approval required for the execution of this Agreement, and that this Agreement constitutes a legal and binding obligation of the Principal Lender and Pool Participants, respectively.
4. This Agreement shall be deemed to be a contract entered into in the State of Maryland and shall be interpreted and governed in accordance with the laws of the State of Maryland.
5. This Agreement shall constitute the entire agreement between the parties and any modifications shall be in writing and signed by each of the respective parties.
6. Subject to the provisions of Section H1, any party to this Agreement, with the consent of any other party hereto, may sell, assign, or otherwise transfer its interests and rights under this Agreement, provided however, that any such party must sell, assign or transfer its entire interests and rights under this Agreement to a single entity or person, and may not sell, assign, or transfer less than all 100% of its interests and rights.
7. This Agreement shall be binding upon and inure to the benefit of the parties and their permitted successors and assigns.

8. Any supplements, exhibits and schedules attached to this Agreement or executed by the parties with reference hereto are an integral part hereof and are hereby incorporated and included in the term “this Agreement.”
9. In the event of any litigation resulting from this Agreement between any of the parties hereto, the prevailing party shall be entitled to collect from the non- prevailing party all reasonable costs and expenses, including reasonable attorneys’ fees, incurred by the prevailing party to enforce the terms of this Agreement.
10. The parties hereto agree to participate in annual review meetings to discuss and review this Agreement and the RENEW Howard program, including its terms and procedures, with the intent to maintain its competitive position in the marketplace.
11. The terms of this Agreement may be amended by the written consent of all of the parties hereto. All of the parties hereto may also agree in writing to terminate this Loan Pool and this program; provided however, that such a termination shall not be effective until the Principal Lender confirms that there are no Loans remaining in rehabilitation status and that each of the Loans which are eligible to be sold to the Loan Pool by the Principal Lender have either been sold to the Loan Pool or it is confirmed in writing by the Principal Lender that the Loan will not be sold to the Loan Pool.
12. The Loans held in the Loan Pool are guaranteed pursuant to the terms of the ***Neighborhood Revitalization Loan Pool Program Grant Agreement*** made by and between the Administrator and the County, a copy of which Agreement is attached hereto and incorporated herein.
13. Loans to borrowers will be limited to a maximum loan amount of \$475,000. The Administrator may from time to time adjust the maximum loan amount for the program in accordance with prevailing market conditions.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the Administrator, the Principal Lender and the Pool Participants by their duly authorized representatives have executed this Agreement as of the date first written above.

WITNESS/ATTEST:

ADMINISTRATOR:

REAL ESTATE CHARITABLE FOUNDATION, INC.

By: _____ (SEAL)
Name: Beverly White-Seals
Title:

WITNESS/ATTEST:

PRINCIPAL LENDER:

(LENDING INSTITUTION)

By: _____ (SEAL)
Name: _____
Title: _____

WITNESS/ATTEST:

POOL PARTICIPANTS:

(LENDING INSTITUTION)

By: _____ (SEAL)
Name: _____
Title: _____