

3. SECURITY

The aforesaid Loan is secured by a Mortgage representing a first lien encumbering the real estate described hereinabove, and Seller has obtained from Borrower all of the necessary security agreements, insurance policies, surety bonds, and other instruments and documents which it or the FHA require, and does hereby make such representation to the Buyer.

4. POSSESSION AND CONTROL OF NOTE AND COLLATERAL

Prior to Buyer purchasing any participating ownership interest in the Loan, Buyer shall have in its possession, and Buyer's attorney shall have reviewed and approved, the original executed Note evidencing said Loan, which Note shall be endorsed by Seller in blank, without recourse, and contain the original signed initial endorsement by FHA, and the original signed collateral therefor and all original signed instruments delivered in connection therewith, together with any and all documents required by Buyer to effect the sale, transfer, assignment and/or negotiation of the Note and the collateral therefor to Buyer, to include but not be limited to, the recorded Participation Agreement, the Note endorsed in the manner described above, recorded Mortgage, Assignment, in recordable form, of 100% interest in the Mortgage, recorded Assignment of Buyer's undivided interest in the Mortgage, Assignment of specific documents, executed Building Loan Agreement, certified copy of Regulatory Agreement with evidence of recordation, original attorneys' opinions, original lender's title insurance policy showing recordation of the recorded Mortgage, the recorded Participation Agreement, the recorded Regulatory Agreement and the recorded Assignment of Buyer's undivided interest in the Mortgage, copies of letters of credit, evidence of deposit by Seller of escrow funds, original builder's risk insurance policy, naming Buyer with its address under the loss payable clause, and all signed FHA documents, which shall include the original signed FHA Commitment for Insurance of Advances.

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