

Broker Corporate Name: \_\_\_\_\_ Tax ID #: \_\_\_\_\_

Broker DBA Name: \_\_\_\_\_

## MORTGAGE BROKER APPLICATION CHECKLIST

### Sole Proprietors/LLCs/S Corporations/C Corporations/Partnerships/Publicly Traded

- Mortgage Broker Application
- Mortgage Broker Lending Agreement
- Broker Compensation Addendum
- Certification Regarding Corporate Authority or Certification Regarding Principal Authority
- Loan Fraud Zero Tolerance
- Required Notification of USA Patriot Act
- Annual Recertification Notice
- NMLS Company License printout or state license if state is not on NMLS
- Articles of Incorporation/Organization (field/state stamped) or Partnership Agreement
- DBA / Fictitious / Assumed name Registration filed with the state or county, as applicable
- Resumes for broker principals with 25% or greater ownership
- Quality Control Policy
- Evidence of Insurance (Errors and Omissions, Fidelity Bond Insurance, Bankers Blanket Bond, Surety/Mortgage Brokers Bond, Etc.)
- S.A.F.E. Act Policy
- Anti-Money Laundering Policy
- Zero Tolerance Fraud Policy

### Additional Items that may be required (as applicable):

- Your Bylaws or Operating Agreement
- Other:

Account Executive Name (Please Print): \_\_\_\_\_

Account Executive Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Sales Manager Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Once you have completed this packet, please contact Legacy Group Capital for mailing information.  
Use the contact form on our website: <https://legacyg.com/contact-us/>

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**MORTGAGE BROKER APPLICATION**

*(To be completed in full by the broker)*

**Date:** \_\_\_\_\_

The applicant named below applies for approval from Legacy Group Capital, LLC as a mortgage broker.

**PART A: APPLICANT**

**TIN (Tax ID Number):** \_\_\_\_\_

**Corporate (legal) Name:** \_\_\_\_\_

**DBA/Assumed Name(s):** \_\_\_\_\_

**Corporate Address:** \_\_\_\_\_

**Telephone Number:** \_\_\_\_\_

**Fax Number:** \_\_\_\_\_

**Mailing Address:** \_\_\_\_\_

*(If different)*

**Primary Contact:** \_\_\_\_\_

*(Must be owner or authorized signed)*

**Primary Contact Email:** \_\_\_\_\_

**Web Address:** \_\_\_\_\_

**Administrator:** \_\_\_\_\_

**Administrator Email:** \_\_\_\_\_

**Business Type:**                       Sole Proprietorship                       S Corporation                       Publicly Traded  
 Partnership/LLC                       C Corporation

**Date Business Started:** \_\_\_\_\_

**Date Incorporated/Filed with State:** \_\_\_\_\_

**State Incorporated/Formed In:** \_\_\_\_\_

**Stock Symbol:** \_\_\_\_\_

*(If applicable)*

**Officers and Directors or Partners/Owners:**

<b>Name:</b>	<b>Address:</b>	<b>Date of Birth:</b>	<b>Social Security #:</b>	<b>Official Title:</b>	<b>Ownership %:</b>	<b>On Site (Y/N):</b>	<b>Bankruptcy Filed (Y/N) date:</b>

**PART B: APPLICANT'S MORTGAGE LOAN ACTIVITY**

**Total Annual \$ Originations (All Product Channels):** \$ \_\_\_\_\_

**Is the Applicant approved to do business with:**

FNMA	<input type="checkbox"/> No	<input type="checkbox"/> Yes	\$ _____	Annual Volume
FHLMC	<input type="checkbox"/> No	<input type="checkbox"/> Yes	\$ _____	Annual Volume
FHA	<input type="checkbox"/> No	<input type="checkbox"/> Yes	\$ _____	Annual Volume

**Who are you delegated to underwrite for?**

Broker	<input type="checkbox"/> No	<input type="checkbox"/> Yes	_____	% Total Originations
Correspondent	<input type="checkbox"/> No	<input type="checkbox"/> Yes	_____	% Total Originations

**Are you currently an approved broker with Legacy Group Capital, LLC?**  No  Yes

**How many Branch Locations does this Entity have (including corporate office)?** \_\_\_\_\_

**How many Loan Officers are involved with this Entity?** \_\_\_\_\_

**How many States does this Entity do business in?** \_\_\_\_\_

**What is the Entity's NMLS ID Number?** \_\_\_\_\_

**List all the states this Entity is licensed in and list all license numbers (copies of licenses must be attached):**

**Within the preceding 2 years has applicant been required to repurchase any loans sold to any investors?**  No  Yes  
*(If yes, please explain.)*

**Has the Applicant (Broker) ever been the subject of a bankruptcy or receivership proceeding?**  No  Yes  
*(If yes, please explain)*

**Do you service your own loans?**  No  Yes  
*(If no, please list who your loans are sold to)*

**Do you have any investor overlays that do not follow FNMA/FLMC such as seasoning, or assets required for value?**  No  Yes  
*(If yes, please explain)*

**PART C: BROKER DUE DILIGENCE**

**Has Applicant trained its employees and maintained policies and procedures for its Broker business related to Fair Lending?**  No  Yes  
*(If yes, please explain)*

**Has the Applicant (Broker) ever been the subject of any material litigation or arbitration related to the Fair Lending or Broker practices of Applicant during the past three (3) years?**  No  Yes  
*(If yes, generally describe the matter and the resolution of such matter)*

**Are there any State Regulatory Actions reported on the NMLS website containing licensing information for the Applicant (Broker) and/or any of its Principals (defined as any executive officer, director, general partner, manager, or other person having control over the Applicant's operations and any person having beneficial ownership of 25% or more of the Applicant)?**  No  Yes  
*(If yes, identify the state or states in which any regulatory action is reported on the NMLS website and provide copies of the action and its final resolution, if any)*

**In addition to any State Regulatory Actions disclosed in answer to the above question, has the Applicant (Broker) or have any of its Principals ever been subject of any legal or regulatory enforcement action, regulatory complaints, lawsuits, cease and desist order, public censure, legal or regulatory fines, judgments, damage awards, or other action by governmental or quasi-governmental agency, including federal, state, and local agencies and the Better Business Bureau?**  No  Yes  
*(If yes, provide a brief description of such action(s) and provide copies of the final disposition in each action. If any action is still pending, please provide copies of any orders, complaints, or correspondence identifying each action and its current status)*

**Has Applicant or have its Principals ever been convicted of or plead guilty, nolo contendere, or entered an Alford plea in any criminal proceedings, including, matters regarding fraud, subject to any criminal fraud investigations, ethical violations, debarment proceedings, or financial accounting investigations or proceedings?**  No  Yes  
*(If yes, please describe the facts related to such action and Applicant's remediation, response, or results of such action)*

**Within the last twelve months, have you been selected for an audit by the CFPB or DFI?**  No  Yes  
*(If yes, what was your overall grade?)*

**PART D: DISCLOSURE STATEMENT**

The Undersigned Broker hereby represents, warrants, and certifies to Legacy Group Capital, LLC (the “Lender”) that the completion and delivery by the broker, or its authorized representative, of the accompanying (i) application; (ii) agreement; (iii) license(s) and (iv) other documents, which information delivered to the Lender now or hereafter, are complete and correct in all material respects and accurately present the condition of the Broker for the time and instance for which such, information is provided, and that there has been ne material change in the information so provided, except as specifically and promptly disclosed to the Lender.

The Lender is authorized to verify any information supplied in connection with this Application and to obtain from any source such additional credit reports and financial information as it deems appropriate for its evaluation of this Application.

\_\_\_\_\_  
**Broker Company Name**

By: \_\_\_\_\_  
**Authorized Representation**  
*(Please print)*

By: \_\_\_\_\_  
**Authorized Representation**  
*(Signature)*

Title: \_\_\_\_\_  
**Authorized Representative’s Title**

Date: \_\_\_\_\_

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## MORTGAGE BROKER LENDING AGREEMENT

This Mortgage Loan Broker Agreement (the "Agreement") is made effective as of the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_ (the "Effective Date") by and between Legacy Group Capital LLC, a limited liability company organized and existing under the laws of the State of Washington with its principal place of at 400 112th Ave NE, Ste 400, Bellevue, WA 98004 ("Lender") and \_\_\_\_\_, a \_\_\_\_\_ having a principal place of business at \_\_\_\_\_ ("Broker").

**WHEREAS**, Lender is a private money lender which underwrites and funds mortgage loans; and

**WHEREAS**, Broker is a duly licensed mortgage broker who desires to originate, process and package mortgage loan application packages (each an "Application Package") for submission to Lender for funding consideration; and

**WHEREAS**, Lender and Broker desire to establish a nonexclusive relationship whereby Broker will, from time to time and at its option, submit Application Packages to Lender for underwriting and, if accepted by Lender, funding of mortgage loans submitted by Broker;

**NOW, THEREFORE**, in consideration of the mutual covenants made herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

### ARTICLE I DEFINITIONS

**Section 1.1 Definitions.** As used in this Agreement, the following terms shall have the meanings specified below:

**"Affiliate"** with respect to any Person shall mean any other Person directly or indirectly controlling, controlled by or under common control with such Person. At the time this Agreement is executed the affiliates of Broker are identified as.

**"Agreement"** means this Mortgage Loan Broker Agreement and all exhibits, schedules, and addenda to this Agreement, as the same may from time to time be amended or supplemented by Lender in accordance with this Agreement.

**"Applicable Requirements"** shall mean and include with respect to the Loans: (a) all contractual obligations of Broker or Lender, including, but not limited to, those contractual obligations contained in this Agreement, in any agreement with any Insurer or Investor of which either party, as applicable, was aware or in the Loan Documents for which such party was or is responsible; (b) all applicable federal, state and local legal and regulatory requirements (including statutes, rules, regulations and ordinances) binding upon a party; including a complete and full disclosure to the loan applicant of all fees and other payments including, without limitation, loan fees, points, back-end points, yield spread premiums, etc., received by Broker in connection with the Loan ( Broker shall provide such disclosures to Borrower and Lender as required by applicable law); (c) all other applicable requirements and guidelines of each governmental agency, board, commission, instrumentality and other governmental body or office applicable to, and having jurisdiction over a party, including, but not limited to, those of any Insurer; (d) the Lender Eligibility Criteria, as amended from time to time; and (e) all other applicable final judicial and administrative judgments, orders, stipulations, awards, writs and injunctions applicable to such party.

**"Application"** shall mean a written application by a person or persons for a Loan, signed by such person or persons. Such application shall be in a format acceptable to Lender, its Investors and/or Insurers.

**"Application Package"** means the file containing all documents, reports, forms, appraisals, verifications, Applications, disclosures, statements, and other documents prepared, assembled, or possessed by Broker in connection with each Loan, including, but not limited to, the Application, Loan Documents, and all other documentation Broker is required to provide for loan underwriting by Lender and any other information possessed by Broker that would enable Lender to make an informed judgment concerning any Loan.

**"Assignment"** means, with respect to a Loan, an individual unrecorded assignment of the Mortgage Instrument, notice of transfer or equivalent instrument in recordable form, sufficient under the laws of the jurisdiction wherein the related Mortgaged Property is located to give record notice of the sale of the Mortgage, all in accordance with Applicable Requirements.

**"Borrower"** means any applicant for a Loan or any obligor under a Mortgage Note.

**"Broker Compensation"** means the compensation paid to the Broker by Lender and as communicated to the Broker from time to time by Lender.

**“Business, Commercial, Agricultural, or Organizational Loan”** means an extension of credit primarily for a business, commercial or agricultural purpose or an extension of credit to other than a natural person, including credit to government agencies or instrumentalities.

**“Business Day”** means any day other than a Saturday, Sunday, or other day on which banking institutions in the State of New York, New Jersey or Texas are required or authorized by Applicable Requirements or by executive order to be closed.

**“Closing Date”** means, with respect to each Loan, the date that the Borrower(s) and Lender execute the Loan Documents.

**“Confidential Information”** means : (a) information, whether reduced to writing or not, disclosed by one party (the “Disclosing Party”) to the other party (the “Receiving Party”) relating to Disclosing Party’s product development strategy and activity, corporate assessments and strategic plans, Customer lists, financial and statistical information (past, current and future), accounting information, hardware, firmware, software (including, but not limited to object code and source code), systems, processes, formulae, inventions, product specifications, data, know-how, graphs, samples, research and development (past, current and future), distribution methods (past, current and future), Customer requirements (current and future), price lists, market studies, business plans, marketing plans, marketing methods, discoveries, policies, guidelines, procedures, practices, disputes or litigation; (b) other confidential, proprietary or trade secret information of Disclosing Party that is identified in writing (including, but not limited to, electronically) as such at the time of its disclosure; all other confidential, proprietary or trade secret information of Disclosing Party, which a reasonable person employed in the mortgage industry would recognize as such or is recognized as such; (c) Customer Information; (d) compilations, notes or summaries that contain or reflect Confidential Information; and (e) this Agreement. For purposes herein, any Proprietary Products and Proprietary Software are the Confidential Information of Lender.

**“Customer”** means any customer of a Party, including, but not limited to, any person who: (a) applies to a Party or an Affiliate thereof, either directly or indirectly, for a financial product or service, including a loan applicant; (b) has obtained any financial product or service from a Party or an Affiliate thereof; and/or (c) has a Loan serviced or sub-serviced by a Party or an Affiliate thereof.

**“Customer Information”** means any personally identifiable information or records in any form (written, electronic, or otherwise) relating to a Customer, including, but not limited to: (a) a Customer’s name, address, telephone number, loan number, loan payment history, delinquency status, insurance carrier or payment information, tax amount or payment information; (b) the fact that a Customer has a relationship with a Party; and (c) any other personally identifiable information; provided, however, that “Customer Information” shall not mean any such information that a Party has obtained independently and not in connection with this Agreement.

**“Damages”** means any direct demand, claim, payment, obligation, action or cause of action, assessment, loss, liability, cost, damage, deficiency or expense, including, but not limited to, penalties, interest on any amount payable to a third Person as a result of the foregoing, and any legal or other expense reasonably incurred in connection with investigating, defending, or responding to same, including, but not limited to, reasonable attorneys’ fees, accountants’ fees, expert witness fees and related fees and court costs.

**“Dwelling”** means a residential structure that contains one to four units, whether or not that structure is attached to real property. The term includes an individual condominium unit, cooperative unit, mobile home, and trailer, if it is used as a residence.

**“FHA”** means the Federal Housing Administration, or any successor thereto.

**“FNMA”** means the Federal National Mortgage Association, or any successor thereto.

**“Freddie Mac”** means the Federal Home Loan Mortgage Corporation, or any successor thereto.

**“Insurer”** means any federal or state governmental agency or any federal or state quasi-governmental agency or governmental sponsored agency or entity or any private mortgage insurer that insures or guarantees any of the Loans and providers of hazard, title, or other insurance with respect to any of the Loans or Mortgaged Property. “Interagency Guidelines” shall mean the Interagency Guidelines Establishing Standards for Safeguarding Customer Information published on April 1, 2001, by the federal banking regulators as the same may be amended from time to time.

**“Investor”** means any investor to which Lender sells or with which Lender securitizes Loans.

**“Loan”** means a mortgage loan that is or will be secured by a Mortgage Instrument upon real property under mortgage programs offered by or otherwise approved by Lender, including any Proprietary Products, the Application Package for which is submitted to Lender for underwriting.

**“Loan Documents”** means, with respect to each Loan, the Mortgage Instruments, Mortgage Note, Application Packages and Assignments and final title policies.

**“Lender Eligibility Criteria”** means the eligibility criteria, policies, procedures, product guidelines and requirements for the origination, processing, closing, funding, acceptance of the Assignment, and making of Loans as may be communicated by Lender from time to time to the Broker. The Lender Eligibility Criteria may be amended at any time by Lender in its sole and absolute discretion and such Lender Eligibility Criteria shall be effective as to any Application Package received from the Broker after notice is provided to the Broker.

**“Mortgage Instrument”** means any deed of trust, security deed, mortgage, security agreement, financing statement or any other instrument that constitutes a lien on the improved Mortgaged Property securing payment by a Mortgagor of a Mortgage Note.

**“Mortgage Note”** means the mortgage note, deed of trust note, security deed note or other form of promissory note executed by an obligor and secured by a Mortgage Instrument evidencing the indebtedness of the obligor under a Loan.

**“Mortgaged Property”** means real property that is encumbered by a Mortgage Instrument.

**“Mortgagor”** means any person who executes a Mortgage Instrument.

**“Parties”** means Broker and Lender and **“Party”** means either Broker or Lender, as the case may be.

**“Person”** means an individual, corporation, limited liability company, partnership, commercial banking institution, savings bank, other depository institution, joint venture, trust, or unincorporated organization or a federal, state, city, municipal or foreign government or an agency or political subdivision thereof.

**“Privacy Requirements”** means the obligations imposed by: (a) Title V of the Gramm- Leach-Bliley Act, 15 U.S.C. §§ 6801 et seq.; (b) the applicable federal regulations implementing such act and codified at 12 CFR Parts 40, 216, 332, and/or 573; (c) the Interagency Guidelines; and (d) other applicable federal, state and local laws, rules, regulations, and orders relating to the privacy and security of Customer Information, including, but not limited to, the federal Fair Credit Reporting Act, 15 U.S.C. §§ 1681 et seq., and similar state laws.

**“Proprietary Product”** means those proprietary Loan products of Lender, or an Affiliate thereof announced from time to time for which Broker may originate under this Agreement.

**“Reserve Accounts”** means funds held by Lender with respect to a Loan necessary for disbursement after closing in order to pay for required repairs to the Mortgaged Property and other contingencies.

**“Servicing Rights”** means the obligations to administer the Loans, make subsequent Advances to a Mortgagor, pay taxes and insurance or ensure they are paid, provide foreclosure services, provide full escrow administration and any other obligations required by any owner of the Loans, collect the payments for the reduction of principal and application of interest, remit collected payments together with the right to receive the servicing fee income and any ancillary income arising from or connected to the Loans. Servicing Rights shall include administering Reserve Accounts and any tax and insurance set-asides or escrow or impound accounts with respect to the Loans for, among other things, the deposit and retention of interest and principal, taxes, assessments or ground rents, hazard and mortgage insurance and other related escrow or custodial items.

**“Subsequent Advances”** means Advances made after loan closing to, or on behalf of, a Borrower and/or Mortgagor under a Loan.

**Section 1.2 Interpretive Principles.** For purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires: (a) all Section, Article, Appendix, Exhibit and Schedule references used herein refer to Sections, Articles, Schedules and Exhibits of this Agreement; (b) the Appendix, Schedules and Exhibits are part of this Agreement; (c) all Section, Article, Exhibit and Schedule headings used herein are for reference purposes only and shall not be deemed to have any substantive effect; (d) any singular term in this Agreement shall be deemed to include the plural, and any plural term the singular; (e) whenever the words “include,” “includes,” or “including” are used in this Agreement, they shall be deemed followed by the words “but not limited to;” (f) all pronouns and variations of pronouns shall be deemed to refer to the feminine, masculine or neuter, singular or plural, as the identity of the Person referred to may require; (g) whenever the words “herein” or “hereunder” are used in this Agreement, they shall be deemed to refer to this Agreement as a whole and not to any specific Section; (h) whenever a dollar figure (\$) is used in this Agreement, it will mean United States dollars unless otherwise specified.; and (i) accounting terms not otherwise defined herein shall have the meanings assigned to them in accordance with generally accepted accounting principles. **THIS AGREEMENT SHALL BE CONSTRUED AS THOUGH DRAFTED BY BOTH LENDER AND BROKER AND SHALL NOT BE CONSTRUED AS THOUGH EITHER LENDER OR BROKER IS THE PRINCIPAL DRAFTER OF THE AGREEMENT.**



**ARTICLE II BROKERING OF LOANS****Section 2.1 Submission of Loan.**

- A. **Application Package.** From time to time during the term of this Agreement, Broker may submit an Application Package to Lender in such manner as Lender may from time to time determine. Each submission of an Application Package shall constitute a certification by Broker that the Loan and Application Package and all other documents and information submitted to Lender complies with all Applicable Requirements and the terms, conditions, representations, warranties, and covenants contained in this Agreement including, without limitation, the Lender Eligibility Criteria. Broker acknowledges that it has a contractual responsibility to Lender: (i) to use its best efforts to assure that the Loan and the Application Package is eligible for submission to Lender; and (ii) to disclose all relevant facts and circumstances relating to the Mortgagor, the Mortgaged Property, and the eligibility of the Loan for submission to Lender in accordance with the Lender Eligibility Criteria and this Agreement. Nothing in this Agreement shall be construed as obligating Lender to accept any Loan submitted by Broker or accept or process any Application Package, underwrite, close, fund, purchase or accept the Assignment of any Loan.
- B. **Applications.** Broker shall, as applicable and directed by Lender, obtain from all loan applicants completed loan, credit, and similar applications, together with supporting verifications, approvals and related documentation, as directed by Lender and in compliance with any reasonable instructions of Lender, and shall deliver the same to Lender. Broker agrees, as applicable, to put all loan applications, requests for deposit verifications, requests for employment verifications, and all other information and documentation to be utilized in connection with the solicitation, procurement, processing, packaging, and origination by or on behalf of Lender on forms provided by or in a format approved by Lender. Broker shall diligently process and package all loan applications for and on behalf of the loan applicants and cause the same to be forwarded to Lender for approval or rejection. Broker shall, at Broker's expense, perform or cause to be performed such other functions as Lender may reasonably require to facilitate the closing of the loan transaction.

Broker agrees not to submit any Application Package for and on behalf of a loan applicant to Lender for which to the best of Broker's knowledge, after reasonable investigation, any circumstances, conditions or events exist that, if known to Lender, would cause Lender to deny approval of such Application Package. In connection therewith, Broker shall promptly disclose to Lender any material information that reasonably could be expected to be a consideration in Lender's decision to close a Loan including, without limitation, discrepancies between information provided by the loan applicant and that obtained from other sources, factors bearing on the physical condition of the security property and any irregularities involving the purchase transaction covering the security property or the relationship or involvement of any brokers or escrow depositories in connection therewith.

- C. **Underwriting by Lender.** Lender shall determine whether the Application Package is complete or otherwise in a form acceptable to Lender to underwrite the Loan. If Lender determines the Application Package is missing any information or documentation necessary, in Lender's reasonable discretion, to underwrite the Loan, Lender shall notify Broker of any missing information or documentation. Lender may return the Application Package to Broker if Broker does not deliver to Lender any such missing information or documentation. Lender shall notify Broker of its decision whether to approve the Application Package based on applicable underwriting and origination guidelines as interpreted by Lender, including, but not limited to, whether the Application Package satisfies Applicable Requirements and the terms and conditions of this Agreement, including, but not limited to, the Lender Eligibility Criteria; provided, however, that such acceptance by Lender shall not constitute a waiver of any of such terms and conditions.
- D. **Funding of Loan.** At the settlement of each Loan, Lender shall fund each Loan on behalf of the Borrower and/or Mortgagor. Each Loan subject to this Agreement shall close in Lender's name except as hereinafter allowed. All Loans approved to be closed by Lender will be on forms acceptable to Lender and closed, if applicable, in accordance with the terms and conditions set forth herein by settlement agents acceptable to Lender. If necessary, under the conditions of a particular Loan, on the Loan Closing Date, Broker shall assign all right, title, and interest in and to the Loans and the related Servicing Rights to Lender in accordance with the terms set forth in this Agreement.
- E. **Loan Approval.** Each Application Package must be originated and processed by Broker and not a third party; except that Broker may use third party loan processors provided that by using such third-party loan processors Broker agrees that Broker shall have sole and exclusive responsibility for the work product of such third party loan processors. Broker agrees to conduct a face-to-face interview with applicant(s), unless otherwise permitted by FNMA, FHLMC, FHA, VA and/or GNMA, as appropriate. Lender shall make available to Broker product descriptions of the lending programs of Lender being offered by Lender from time to time; provided, however, that such product descriptions may be modified at any time by Lender in its sole discretion and shall not be binding upon Lender. Lender shall have the right, in its sole and absolute discretion, to determine the acceptability of an Application Package for funding, and Broker shall not represent to any person, including a Borrower, that Lender has approved or will approve, or that Lender has issued or will issue a binding commitment to fund, any Application Package until Broker is so informed by Lender. Except for Loans closed in

accordance with the Table Funding Addendum all Loans shall close in the name of Lender and with funds provided by Lender unless Lender approves otherwise. All information contained in an Application Package shall be subject to independent verification by Lender.

## **Section 2.2 Compensation for Services.**

- A. **Broker Compensation.** See the Broker Compensation Addendum on page 19 of this package.
- B. **Refunds upon Rescission.** In the event any refund is due Lender or any applicant as a consequence of rescission, Broker shall refund to Lender and/or applicant, as applicable, within five (5) Business Days of receipt of notification from Lender, any fees collected from Lender and/or the Borrower. The failure to remit any such sums as directed by Lender shall constitute a material breach of this Agreement and shall be grounds for immediate termination.
- C. **Fees.** All sums of money or other consideration received by Broker from any party other than Lender that in any way are related to Loans generated by Broker hereunder shall be delivered immediately to Lender unless they are paid by Broker to a third Person service provider, are for other costs paid by Borrower in connection with an Application Package and are disclosed to Lender in writing, or are expressly permitted under Section 2.2(a) of this Agreement and are disclosed to Lender in writing.
- D. **Exclusive Compensation.** Except with respect to those fees agreed to be paid by Lender and communicated to or made available to the Broker, there shall be no commissions, fees or other consideration payable to any Person or entity other than Broker in connection with processing the Application Package. Broker shall not demand or receive any compensation for its services other than as specified in this Agreement, and specifically shall not demand or receive any compensation from any Loan Applicant or Borrower, except as expressly permitted under Section 2.2(a) of this Agreement.
- E. **Expenses.** All expenses incurred by Broker (other than the costs of any third Person service provider or other costs paid by Borrower) will be the sole responsibility of Broker and Broker will perform such services using its own employees and office facilities.

## **ARTICLE III GENERAL REPRESENTATIONS AND WARRANTIES OF BROKER**

Broker represents, warrants and covenants to Lender, as of (a) the time any Application Package is submitted to Lender, (b) the time a Loan is funded and closed, and (c) any other time as indicated or as the context may require, that the Representations and Warranties made in this Agreement are true and correct:

**Section 3.1 Due Incorporation and Good Standing.** Broker is a duly organized and validly existing entity in good standing in the jurisdiction under whose laws Broker is formed and has all licenses necessary to carry on its business as now being conducted and as contemplated by this Agreement. In addition, Broker is licensed, registered, qualified and in good standing in each state in which any real property securing repayment of a Loan is located and in each state in which Broker is engaged in the business of brokering mortgage loans if the laws of such state require licensing, registration or qualification to engage in the business of brokering mortgage loans, or is otherwise exempt under applicable law from such licensing, registration or qualification, and in any event is in full compliance with the laws, rules and regulations of each such state and of all real estate, mortgage lending or other regulatory or supervisory agencies having jurisdiction over Broker's activities. Broker covenants to maintain all licenses, registrations, and qualifications current and to keep itself in good standing with such regulatory and supervisory agencies. Broker further covenants to notify Lender immediately upon the suspension, revocation, expiration or other termination of any licenses, registrations, or qualifications, or of the taking of any action by any such regulatory or supervisory agency against Broker that could materially adversely affect Broker's licenses, registrations, and qualifications that would affect Broker's ability to perform hereunder. Broker holds all applicable authorizations and approvals, including, without limitation, those of FHA, VA, FNMA, Freddie Mac and GNMA, as are reasonably necessary to Mortgage Broker's performance of its obligations hereunder in compliance with applicable law, and is not in violation of any of the requirements of any authorizations and approvals. If Broker is other than an individual, then each representation and warranty in this paragraph is hereby made on behalf of Broker as well as each employee, officer, or partner of Broker.

**Section 3.2 Authority and Capacity.** Broker has all requisite corporate power, authority, and capacity to enter into this Agreement and to perform its obligations hereunder. The execution and delivery of this Agreement, and any related agreements or instruments and the consummation of the transactions contemplated hereby and thereby, each has been duly and validly authorized by all necessary corporate action. This Agreement and any related agreements or instruments each constitutes a valid and legally binding agreement of Broker enforceable in accordance with its terms, subject to bankruptcy, insolvency and similar laws affecting generally the enforcement of creditor's rights and the discretion of a court to grant specific performance of contracts.

**Section 3.3 Effective Agreement.** The execution, delivery and performance of this Agreement, and any related agreements or instruments by Broker, its compliance with the terms hereof and thereof, and consummation of the transactions contemplated hereby and thereby, will not violate, conflict with, result in a breach of, constitute a default under, be prohibited by, or require any additional approval under its organizational documents or any instrument or

agreement to which it is a party or by which it is bound or which affects the purchase, pooling or servicing of Loans, or any Applicable Requirement relating thereto or to the origination, making, pooling or servicing of Loans.

**Section 3.4 Compliance with Contracts and Regulations.** Broker has complied with all Applicable Requirements with respect to, and the violation of which might adversely affect, any of the Loans or result in cost or liability to Lender.

**Section 3.5 Litigation and Absence of Claims.** Except as disclosed by Broker to Lender in writing, there is not pending or, to Broker's knowledge, threatened any material suit, action, arbitration, or legal, administrative, or other proceeding or investigation (including any allegation of fraud by any seller, buyer, borrower, or Lender) against Broker or its current or former owners, officers, partners, agents or employees. Except as disclosed by Broker to Lender in writing at the end of this paragraph, there has been no adjudication or finding of fraud against Broker or its current or former owners, officers, or partners, in any suit, action, arbitration, legal or administrative or other proceeding or investigation which has been concluded or is in process. Broker herein represents that other than as disclosed herein, there are no past, current or anticipated claims which would prevent the execution, delivery, or performance by Broker of its obligations, or which could have a materially adverse effect upon the business, assets, financial condition or reputation of Broker or Lender, or which could have any adverse effect upon any loan submitted for funding by Broker to Lender.

**Section 3.6 Statement Made.** No representation, warranty or written statement made by Broker in connection with this Agreement or in any schedule, exhibit, report, Application Package, written statement, or certificate furnished to Lender in connection with the transactions contemplated hereby by Broker, contains, or will contain, any untrue statement or omits, or will omit, to state a fact necessary to make the statements contained herein or therein not misleading. The information contained in the application of Broker to Lender for approval to broker Loans continues to be true, accurate and complete in all respects, except as otherwise disclosed in writing to Lender.

**Section 3.7 Services to Borrower.** With respect to each Borrower whose Application Package has been submitted by Broker to Lender for funding consideration pursuant to this Agreement, Broker has observed and shall observe and fully discharge any duties owed by Broker to Borrower under applicable law. In particular, and without limitation to the foregoing, whenever required by such fiduciary duty, Broker, its employees and/or agents has provided to Borrower any and all requisite disclosures and obtained any and all requisite agreements or authorizations. Broker represents that all services performed by Broker were performed in accordance with accepted and customary standards in the mortgage lending industry generally. Broker is not aware of any dispute or claim by any Borrower that all such services were not fully and satisfactorily performed. Broker has not coerced or compelled Borrower to accept any Loan or to take any advance pursuant to any Loan.

**Section 3.8 No Consent Required.** No consent, approval, authorization or order, or registration or filing with, or notice to any court or governmental agency or body is required for the execution, delivery and performance by the Broker of or compliance by the Broker with this Agreement or the Loans, the delivery of a portion of the Application Package to Lender or the Assignment of the Loans or the consummation of the transactions contemplated by this Agreement, or if required, such consent, approval, authorization or order has been obtained prior to the Effective Date and/or Closing Date, as applicable.

**Section 3.9 Disclosure of Principal Transactions.** Broker shall not participate as a principal in any real estate transaction in which any present customer of Lender or other person reasonably expected to become a customer of Lender also is a principal; in which any agent or employee of Lender is a real estate agent or broker; or in which Lender or any company which owns or is owned by Lender is a lender unless Lender expressly allows such participation in writing. In the event that Broker violates any provision of this subparagraph (d), all gross profits, compensation, rents, income, property or other benefit derived by Broker directly or indirectly in connection with the transaction (computed without reduction for value or consideration given by Broker in such transaction) belong to Lender and shall be paid by Broker to Lender upon demand.

**Section 3.10 Ownership; Prior Involvement.** Broker has no direct or indirect ownership interest in any property acting as security for the Loan, or affiliation or relationship with any other party having a financial interest in the Loan or the Loan transaction. To the extent Broker or any of its owners, officers, partners, agents, or employees has (a) participated in the sale, financing or mortgage origination with respect to the property securing the Loan or (b) assisted a Borrower with obtaining prior financing, whether with respect to the property securing the Loan or otherwise, Broker shall disclose the nature and extent of such relationship in writing at the time of the submission of the relevant Application Package.

#### **ARTICLE IV SPECIFIC REPRESENTATIONS AND WARRANTIES AS TO LOANS**

Broker represents, warrants, and covenants to Lender, as of (a) the time any related Application Package is submitted to Lender, (b) the time the related Loan is funded and closed, and (c) any other time as indicated, that the Representations and Warranties made in this Article IV are true and correct:

**Section 4.1 Requirements; Unacceptable Investment.** Each Loan, including the Application Package, conforms to the specifications, terms, conditions, and requirements set forth in this Agreement, including, but not limited to, Lender's Eligibility Criteria. For each Loan, Broker does not know of any circumstances or conditions with respect to the Mortgage, the Mortgaged Property, the Borrower, the Mortgagor or the Borrower's or Mortgagor's credit standing that could be reasonably expected to cause: (a) Lender not to make the Loan; (b) private institutional investors or an Investor to regard

the Loan as an unacceptable investment; or (c) the Loan to become delinquent or adversely affect the value or marketability of the Loan.

**Section 4.2 Enforceability of Loan.** The Loan is not subject to any right of rescission, set-off, counterclaim or defense, nor will the operation of any of the terms of the Mortgage Note or the Mortgage, or the exercise of any right thereunder, render either the Mortgage Note or the Mortgage unenforceable, in whole or in part, or subject to any right of rescission, set-off, counterclaim or defense, including the defense of usury, as a result of any act, error or omission of Broker or its agents.

**Section 4.3 Disbursement.** Other than with respect to any disbursements by Lender, all costs, fees and expenses incurred in making and closing the Loans were paid to the appropriate parties. No Borrower is entitled to any refund of any amounts paid or due to Lender pursuant to any Loan transaction.

**Section 4.4 Payments and Advances.** Broker has not advanced funds, or induced, solicited, or knowingly received any advance of funds by a Person other than Lender, Borrower or Mortgagor, directly or indirectly, for the payment of any amount required under or to obtain the Loan. The Borrower or Mortgagor has made any down payment required in connection with the Loan and has received no concession from Broker or any other third Person, except as clearly disclosed in writing to Lender.

**Section 4.5 Regulatory Compliance.** Any and all Applicable Requirements, including, but not limited to, usury, truth-in-lending, real estate settlement procedures, consumer credit protection, equal credit opportunity, disclosure, or securities laws applicable to the Loan have been satisfied, and Broker shall maintain in its possession, available for Lender's inspection, and shall deliver to Lender upon demand, evidence of compliance with all such requirements. Broker's compensation shall be disclosed as required by Applicable Requirements, including, but not limited to, The Real Estate Settlement Procedures Act.

**Section 4.6 Application Package and Genuineness of Documents.** The Application Package contains each of the documents and instruments required by Applicable Requirements, Lender Eligibility criteria or Investor or Insurer requirements in effect at the time the Loan was originated, duly executed and in due and proper form and each such document or instrument is, to the best of Broker's knowledge, genuine and in form acceptable to Investors and Insurers and the information contained therein is true, accurate and complete.

**Section 4.7 No Fraud.** To the best of Broker's knowledge (a) all parties to the Mortgage Note and the Mortgage Instrument and any other related agreement had legal capacity to enter into the Loan and to execute and deliver the Mortgage Note and the Mortgage Instrument and any other related agreement, and the Mortgage Note and the Mortgage Instrument have been duly and properly executed by such Persons; (b) the documents, instruments and agreements contained in the Application Package or any other documents submitted for review and/or underwriting by Lender were not falsified and contain no untrue statement of material fact or omit to state a material fact required to be stated therein or necessary to make the information and statements therein not misleading; and (c) no fraud was committed in connection with the origination of the Application Package.

**Section 4.8 Appraisal.** If required by Lender in connection with a particular Loan under consideration, Lender shall order an appraisal of the related Mortgaged Property to be included as part of the Application Package. Lender will not accept any appraisal included in an Application Package submitted by Broker.

**Section 4.9 Existence of Other Conditions.** Broker has no knowledge nor any reason to know of any of the following: (a) detrimental conditions which could reasonably be expected to adversely affect the market value of the Mortgaged Property including, but not limited to, expansive soils, underground mines or storage tanks, soil subsidence, landfills, superfund sites, special study zones or other similar conditions; (b) outstanding mechanics' liens or materialmen's liens which are or may be a lien prior to, or of equal priority with, the lien of the security instrument except those that are affirmatively insured against by the title insurance policy; or (c) outstanding oil, gas or other mineral interests now owned or controlled by the proposed borrower which might jeopardize the security interest in the Mortgaged Property or in any manner diminish the value of the Mortgaged Property.

**Section 4.10 Quoting Loan Interest Rates; Loan Commitments; Delivery of Documents to Loan Applicant or Borrower.** Prior to the approval of an Application Package by Lender, Broker shall not make any representations to the effect that Lender has approved or issued a commitment to fund the Loan and, during such time, Broker shall make clear that any current interest rates or fees quoted are for guidance purposes only and that the same shall not necessarily be the interest rates or fees that shall apply to the Loan if and when the same is approved by Lender, and that Broker is not authorized to approve an Application Package on Lender's behalf. Broker shall deliver to loan applicants any documents directed to be so delivered by Lender.

**Section 4.11 Damage; Condemnation.** To the best of Broker's knowledge, there is no proceeding pending for the total or partial condemnation of the Mortgaged Property and such Mortgaged Property is undamaged by waste, fire, earthquake or earth movement, windstorm, flood, tornado or other casualty, so as to affect adversely the value of the Mortgaged Property as security for the Loan, the use for which the premises were intended or the eligibility of the Loan for full payment of insurance benefits, and there are no pending or threatened proceedings for total or partial condemnation of the Mortgaged Property.

**Section 4.12 Control of Documents; Disclosure and Validity of Information.** No Borrower shall have had in his or her direct or indirect possession or control any credit, income or deposit verification document submitted to Lender with respect to any Loan. Broker has made and shall make prompt, timely, full, accurate and truthful disclosure to Lender of all facts, information, and documentation that Broker may know, suspect, or have notice of, which could affect or has affected the validity, collectability, collateral value, security, or enforceability of any Application Package submitted by Broker for funding consideration by Lender. All information submitted by Broker to Lender with regard to the Application Packages, including all written attachments thereto, is true, correct, currently valid and genuine, and the dates appearing on each document presented to or signed by a Borrower accurately reflect the date of delivery or execution, as applicable.

## **ARTICLE V GENERAL REPRESENTATIONS AND WARRANTIES OF LENDER**

**Section 5.1 Due Incorporation and Good Standing.** Lender is a private mortgage lender, duly organized, existing and in good standing under the laws of the State of Washington.

**Section 5.2 Authority and Capacity.** Lender has all requisite company power, authority, and capacity to enter into this Agreement and to perform the obligations required of it hereunder. The execution and delivery of this Agreement, and the consummation of the transactions contemplated hereby, each have been duly and validly authorized by all necessary company action. This Agreement constitutes a valid and legally binding agreement of Lender enforceable in accordance with its terms, except as may be limited by bankruptcy, insolvency, and similar laws affecting generally the enforcement of creditor's rights and the discretion of a court to grant specific performance of contracts.

**Section 5.3 Effective Agreement.** The execution, delivery and performance of this Agreement, and any related agreements or instruments by Lender, its compliance with the terms hereof and thereof, and consummation of the transactions contemplated hereby and thereby, will not violate, conflict with, result in a breach of, constitute a default under, be prohibited by, or require any additional approval under its organizational documents, or any instrument or agreement to which it is a party or by which it is bound or which affects the purchase, pooling or servicing of Loans, or any Applicable Requirement relating thereto or to the origination, making, pooling or servicing of Loans.

## **ARTICLE VI COVENANTS**

**Section 6.1 Delivery of Documents.** Broker agrees to perform, at its sole cost and expense, all acts reasonably necessary to perfect title to the Loans in Lender and shall assign and deliver to Lender as part of the Application Package with respect to the purchase of each such Loan, all subject to the approval of Lender and its legal counsel as to proper form and execution. All Loan Documents relating to the Loans and all other documents required to be delivered to Lender by Broker that are in the possession or control of Broker and are not delivered to Lender, if any, are and shall be held in trust for the benefit of Lender. In the event any such original documents have not been delivered to Lender within a reasonable time following the Closing Date, Broker shall provide, at Lender's discretion, Lender with periodic reports detailing the location of each such document and the steps being taken by Broker to obtain possession thereof. If an Investor, recording office or municipality is solely responsible for a missing or trailing Mortgage Document, the Broker agrees to advise Lender of such fact, to the extent it is aware, and keep Lender apprised of any updates of which it becomes aware. Broker also agrees to assist Lender in communicating with such entities to obtain status updates to the extent reasonably necessary.

**Section 6.2 Attorney-in-Fact.** Broker hereby irrevocably appoints Lender as its true and lawful attorney, with full power of substitution, in its name and stead and on its behalf, for the purpose of taking any action with respect to, or effectuating any further sale, Assignment, transfer or delivery of, any Loan, Mortgage Instrument, Mortgage Note, or Mortgaged Property or any part thereof or any interest therein, Broker is hereby ratifying and confirming all that such attorney or any substitute shall lawfully do by virtue hereof. If so, requested by Lender, or any successor or assign of Lender, Broker shall ratify and confirm any such action, sale, Assignment, transfer, or delivery by executing and delivering all such instruments and other documents as may be designated in any such request.

**Section 6.3 Supplementary Information; Further Assurances.** From time to time prior to and after the related Closing Date, Broker shall furnish to Lender such information supplementary to the information contained in the documents and schedules delivered pursuant hereto which is reasonably available to Broker as Lender may reasonably request or which may be necessary to enable Lender to file any reports due in connection with the Loans or Servicing Rights or to determine the continuing eligibility of Broker to register Loan Files with Lender. Broker shall, at any time and from time to time, promptly, upon the reasonable request of Lender or its representatives, execute, acknowledge, deliver, or perform all such further acts, deeds, assignments, transfers, conveyances, and assurances as may be required hereunder.

### **Section 6.4 Confidential Information.**

- A. **Confidentiality.** During and after the term hereof, neither party shall disclose to any person (other than an employee or agent or any Affiliate thereof entitled to receive the same) any confidential information relating to the business of Disclosing Party or any such Affiliate without the consent of the Disclosing Party, or until such information ceases to be confidential.

- B. **Disclosure of Information.** All documents, forms, publications, memoranda, correspondence, files, contracts, client lists, financial tables, blueprints, plans, records, procedures, sales aids, techniques, processes and all other material and information directly or indirectly provided to, given to, received by or accessible by or available to one party to the other party during the term hereof that relate in any manner to any business or operation in which the Disclosing Party is engaged, or intends at any time to become engaged in, are and shall remain the property of the Disclosing Party. All gains and profits obtained at any time by the Receiving Party through the use of any such material or information, other than for the benefit of the Disclosing Party, shall belong to the Disclosing Party and shall be paid to Disclosing Party upon demand. Upon the written request of the Disclosing Party, Receiving Party shall deliver to the Disclosing Party all such material and information.

**Section 6.5 Notice.** Broker shall give prompt written notice to Lender of any action, event or condition of any nature which may lead to or result in a material adverse effect upon the business, operations, assets, or financial condition of Broker, or the Loans or of any of the circumstances outlined in Section 7.1 hereof.

**Section 6.6 Governmental Approvals.** Broker shall obtain and maintain in full force and effect and satisfy at all times all related eligibility criteria in order to maintain in full force and effect, without material impairment, suspension or revocation, all federal and state governmental approvals, registrations, qualifications, permits and licenses necessary both to perform its obligations hereunder and, if applicable, to conduct the origination business with FHA.

**Section 6.7 Quality Control and Review of Loan Files.** Broker shall conduct periodic quality control reviews of its brokering and origination operations and, upon reasonable request of Lender, provide summaries of its findings to Lender as such findings relate to Application Packages hereunder. Lender shall have the right, in its sole discretion, to review any and all of Broker's files (either at Lender's facilities or the Broker's facilities) relating to the Loans for quality control purposes. Broker agrees to make such files available to Lender for inspection upon receipt of reasonable prior written notice from Lender. In addition, Broker shall permit Lender or Lender's primary federal regulator to conduct quality control reviews of Broker's brokering and origination operations upon reasonable notice and at Lender's sole cost and expense. Broker agrees to assist Lender in the conduct of any such audit and/or review and to provide Lender with any information or documents in its possession that Lender may reasonably request. Broker further acknowledges that any failure to cooperate in any such audit and/or review or any discrepancies found by Lender during such audits and/or reviews are grounds for immediate termination of this Agreement. In addition, upon discovery of such discrepancy, Lender may notify the applicable state or federal agency of such discrepancy. Ownership of, and title to, a Loan will only be vested in Lender when a Loan is accepted by Lender.

**Section 6.8 Adherence to Fair Lending Standards.** Broker understands and acknowledges that Lender is fully committed to the principles of Fair Lending and to encouraging each of its third-party vendors, including Broker, to follow similar principles and to request that Broker and each of its owners, officers, partners, agents, and employees are all adequately trained in Fair Lending policies and procedures. Broker's signature on this Agreement will acknowledge that Broker has received and reviewed any Fair Lending Policy adopted by Lender and which has been provided to Broker, and that Broker has taken and will continue to take action to ensure that Broker and each of its owners, officers, partners, agents, and employees are adequately trained in and follow generally recognized Fair Lending policies and procedures.

**Section 6.9 Non-Exclusive Agreement.** The relationship between Lender and Broker, as set forth in this Agreement is non-exclusive. Broker acknowledges that Lender has heretofore entered into, and may in the future enter into, similar arrangements with other mortgage brokers. Broker further warrants to Lender that Broker shall maintain similar relationships with other lenders such that Broker shall not be dependent upon Lender in the event that Lender decides at its sole discretion to terminate this Agreement.

**Section 6.10 Financial and Other Information.** Broker acknowledges that from time-to-time Broker shall furnish to Lender information as Lender shall reasonably request, including confirmation of the continuing compliance by Broker and its owners, officers, partners, agents or employees with all applicable state and local licensing, registration, qualification and certification requirements, together with any other information reasonably requested by Lender to confirm that Broker remains solvent.

## **ARTICLE VII REMEDIES**

**Section 7.1 Indemnification by Broker.** In addition to any other rights and remedies that Lender may have, Broker shall indemnify and hold Lender, its officers, directors, employees, and agents, harmless from and against, and shall reimburse it or them for, any repurchase demand by Lender or an Investor, any damages incurred before or after any Application Package is submitted to Lender to the extent arising or resulting from the following:

- A. Any misrepresentation made by Broker, or any breach of warranty by Broker, contained in this Agreement, or in any schedule, exhibit, report, statement or certificate furnished by Broker pursuant to this Agreement, which misrepresentation or breach of warranty adversely affects the value of the Loans or the interests of Lender;
- B. The non-fulfillment or non-performance of any covenant, condition or action required of Broker pursuant to this Agreement;

- C. Any fraud in the origination of any Loan, whether or not as a result of any act or omission of Broker, or any employee, representative or any agent of Broker; and,
- D. Any claim by a Borrower resulting from the failure or refusal by Lender to fund a Loan other than pursuant to a binding commitment by Lender to fund such Loan.

Broker's obligation to fully indemnify Lender under this Agreement shall not be affected by Lender taking any of the following actions with or without notice to Broker: (i) liquidation, repayment, retirement, or sale or resale of any Loan; (ii) foreclosure of any Loan; or (iii) sale or resale of the property securing any Loan.

#### **Section 7.2 Repurchase of Loans.**

- A. In General. In the event that Broker has committed, or assisted in the commission of any fraud, in the origination of any Loan, Broker shall, at Lender's option, repurchase such Loan from Lender or the Investor at the Repurchase Price. Any repurchase of a Loan(s) pursuant to the provisions of this Section shall occur on a date designated by Lender and shall be accomplished by wire transfer of immediately available funds on the repurchase date to an account designated by Lender. The "Repurchase Price" under this Agreement generally and under this Section specifically for Loan or related Mortgaged Property shall equal the sum of each of the following (as applicable):
  - i. The aggregate unpaid principal balance of the Loan, net of any escrow balances and/or amounts in the Reserve Account;
  - ii. all accrued and unpaid interest thereon through the date of repurchase;
  - iii. the Broker Compensation; and
  - iv. all other un-reimbursed costs, expenses and advances incurred by Lender in connection with such Loan after the Closing Date.
- B. Repurchase Procedure. Broker shall repurchase such Loan by wire transfer within fifteen (15) Business Days following receipt from Lender of written demand from Lender pursuant hereto. Broker shall prepare the assignments of Mortgage Instruments and pay all costs and expenses reasonably incurred by Lender in effecting the re-conveyance of a re-purchased Loan including, but not limited to, the cost of recording the assignments of the related Mortgage Instrument. Upon completion of such purchase by Broker, Lender shall forward to Broker all servicing records and all documents relating to such purchased Loans.

### **ARTICLE VIII TERM AND TERMINATION**

This Agreement shall be in effect for a term commencing on the Effective Date and terminating immediately upon notice either by Lender or Broker, in writing and actually delivered to the other party, stating that the party giving notice elects to terminate this Agreement. This Agreement shall terminate promptly upon giving such notice, without cause and without necessity for the stating of cause. Any such termination shall, however, not affect the coverage of, or effectiveness of this Agreement with respect to Lender prior to the receipt by Lender of the aforementioned notice of termination. This Agreement shall remain in full force with respect to every loan originated or funded under this Agreement, notwithstanding any later termination, with respect to the representations, warranties and agreements of the Broker set forth herein.

### **ARTICLE IX MISCELLANEOUS**

**Section 9.1 Survival.** The representations, warranties, covenants, and agreements contained in this Agreement shall survive the delivery of Loans to Lender and the applicable Closing Date for any Loan, and shall not terminate, notwithstanding the termination of this Agreement, any restrictive or qualified endorsement on any Mortgage Note or Lender's examination or failure to examine any Application Package or Lender's approval of any Loan for purchase.

**Section 9.2 Amendment.** This Agreement may be amended only by a writing signed by both parties; provided, however, that any such amendment shall not be effective as to Application Packages received prior to the effective date of the amendment.

**Section 9.3 Counterparts.** This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which shall be considered one and the same instrument.

**Section 9.4 Entire Agreement.** This Agreement, together with all exhibits, schedules and addenda to this Agreement, and any commitment executed in connection herewith contain the entire agreement between the Parties and supersede all prior agreements, arrangements and understandings relating to the subject matter thereof. There are no written or oral agreements, understandings, representations, or warranties between the Parties other than those set forth herein and therein.

**Section 9.5 Rights Cumulative, Waivers.** The failure or delay of Lender to review any Loan prior to funding and/or closing, or to exercise any right or remedy available under this Agreement or at law or equity, shall not act as a waiver of any other right or remedy, nor shall any single or partial exercise of any right preclude any other or further exercise thereof. No waiver by a party of any of the provisions of this Agreement shall be deemed, or shall constitute, a waiver by such party of any other provisions, whether or not similar, nor shall any such waiver constitute a continuing waiver. No waiver by Lender shall be binding unless executed in writing by Lender. All remedies shall be cumulative and nonexclusive.

**Section 9.6 Notices.** All notices, requests, demands and other communications that are required or permitted to be given under this Agreement shall be in writing and shall be deemed given if delivered personally, transmitted by facsimile, mailed by registered or certified mail, return receipt requested, e-mailed, or sent by commercial overnight courier to the other Party at the following address:

If to Lender, to:

ATTN: Loan Processing  
Legacy Group Capital, LLC  
400 112th Ave NE, Ste 400  
Bellevue, WA 98004

If to Broker, to:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**Section 9.7 Governing Law.** This Agreement shall be governed by and construed in accordance with the laws of the State of Washington, without giving effect to the choice of law provisions thereunder. Any dispute that arises under or relates to this Agreement shall be resolved in any court of competent jurisdiction located in the State of Washington.

**Section 9.8 Severability.** In case any provision in this Agreement shall be found by a court of competent jurisdiction to be invalid, illegal, or unenforceable, such provision shall be construed and enforced as if it had been more narrowly drawn so as not to be invalid, illegal, or unenforceable, and the validity, legality and enforceability of the remaining provisions of this Agreement shall not in any way be affected or impaired thereby.

**Section 9.9 Successors and Assigns.** This Agreement shall be binding upon the Parties and their respective successors and assigns and shall inure to the benefit of the Parties and their respective permitted successors and assigns. Broker may not assign this Agreement nor any rights hereunder, including, but not limited to, the right to receive compensation or money due hereunder. Broker shall not delegate any duty hereunder without the prior express written consent of Lender. Lender may assign its right and obligations under this Agreement by providing written notice to the Broker.

**Section 9.10 Relationship of Parties and Status of Broker.** Lender and Broker agree that Broker is neither an agent nor an employee of Lender and may not be construed as such by reason hereof. Instead, Broker is an independent contractor, and is hereby expressly prohibited from holding itself out as an agent, representative or employee of Lender or as having any endorsement from or affiliation with Lender. Broker shall have no authority to approve any application or commit Lender in writing or orally to make or fund any loan. Broker shall, in advising any applicant, make clear that any rates and fees disclosed are for guidance only, and that actual rates and fees may vary if an application is approved and funded. Broker shall not represent that it is an agent, employee, or representative of Lender. This Agreement shall not be deemed to appoint Broker as an attorney-in-fact of Lender or create a power of attorney in Broker. Broker shall not make express or implied representations or warranties to loan applicants that conflict with the authority set forth herein.

**Section 9.11 No Third-Party Beneficiaries.** Except as expressly provided herein, nothing in this Agreement is intended to confer any right, remedy, obligation, or liability upon any Person other than the parties hereto and their respective successors and permitted assigns.

**Section 9.12 Right to Offset.** Amounts owed by Broker to Lender under this Agreement may, at the option of Lender and in its sole discretion upon written notice to Broker, be offset by Lender against any payments then or thereafter owed by Lender to Broker.

**Section 9.13 Attorney's Fees.** If any legal action or other proceeding is brought for the enforcement of this Agreement, or because of an alleged dispute, breach, default, or misrepresentation in connection with any of the provisions of this Agreement, the prevailing Party or Parties shall be entitled to attorneys' fees and other costs incurred in that action or proceeding, in addition to any other relief to which it or they may be entitled.

**Section 9.14 Further Assurances.** Broker shall perform any further acts and execute and deliver any documents that may be reasonably necessary to carry out the provisions of this Agreement. In the event Lender receives notice that any Borrower has exercised his or her right of rescission after Lender has disbursed any loan proceeds, Broker shall promptly



return to Lender all amounts collected by Broker from Borrower in connection with the Loan, regardless of whether such amounts were disbursed by Broker to other parties.

**Section 9.15 Facsimile and E-Mail Permission.** To the fullest extent permitted by federal or state law Broker expressly grants permission to Lender to provide information or any other communications associated with or related to Broker's relationship with Lender either by facsimile or e-mail transmission at any facsimile number or e-mail address now or hereinafter provided by Broker to Lender for such purpose. For the absence of doubt, legal notices required under this agreement shall be sent via overnight courier or registered mail, return receipt requested.

[The remainder of this page is intentionally left blank.]

IN WITNESS HEREOF, each party has caused this Agreement to be executed by the signatures set forth below.

_____ <b>Broker Name</b>	_____ <b>Lender Name</b>
_____ <b>By</b>	_____ <b>By</b>
_____ <b>Name and Title</b>	_____ <b>Name and Title</b>

[The remainder of this page is intentionally left blank.]

## BROKER COMPENSATION ADDENDUM

**Broker Compensation.** For services rendered in connection with the origination, processing and/or closing of a Loan under this Agreement Broker shall be entitled to receive Broker Compensation from Lender for any Loans closed by Lender which were submitted by Broker to Lender. The Parties acknowledge and agree that the payment of the Broker Compensation is compensation for services rendered and goods and facilities provided by Broker in connection with the origination, processing and/or closing of a Loan under this Agreement and shall initially be paid in accordance with and in the amounts as specified in Lender's rates, fees and Broker Compensation schedules in effect at the time the Loan is closed which schedules are set forth in Exhibit B hereto. Lender will have the right from time-to-time, in its sole discretion and at any time, to amend its Lender Eligibility Criteria, rates, fees and Broker Compensation schedules applicable to new Application Packages submitted after notice of such change to Broker. Any fees or other consideration, to be received by Broker from Lender for performance of its obligations hereunder will be paid by Lender after deducting all fees and charges due Lender and as specified in Lender's price and/or fee schedules which, again can be amended at Lender's sole discretion upon notice to Broker and applicable to new Application Packages. The nature and amount of any fees paid or payable by the Borrower and charged to or received from the Borrower in connection with any Loan, will be paid solely to Lender. Except as specifically stated under this Agreement, there is no other agreement between Broker and Lender or any other person or entity for the payment of any referral fee, rebate, bonus, kickback, fee split or other payment and no payment of such referral fee, rebate, bonus, kickback, fee split, or other payment has been or will be made. All third-party fees charged or collected by Broker shall represent only the amount of the fee received or to be received by the third-party service provider and neither Broker or any other party will retain any portion of such fee. Broker shall bear all of its expenses in connection with preparing and submitting any mortgage loan application file. Lender shall have no obligation to pay Broker any sum on account of any Application Package which Lender does not fund and close for any reason whatever. All Broker Compensation, when and if approved by Lender, shall be disclosed to the Borrower in such manner and on such forms as Lender prescribes.

*Broker may only receive compensation from Lender in connection with any Loan funded by Lender; and shall not receive any fees, charges, reimbursements, or other form of compensation from any Borrower or retain any amounts paid by any applicant for a Loan, except as disclosed to and authorized by Lender.* Provided, if: (i) the Mortgaged Property securing a Loan is not a "Dwelling;" the Loan is a Business, Commercial, Agricultural, or Organizational Loan; or (iii) the Loan is not otherwise subject to regulation under §1026.36(d) of Regulation Z issued by the Bureau of Consumer Financial Protection, Broker may receive compensation from the Borrower so long as any and all such compensation received or to be received by the Broker is disclosed in writing to the Lender at the time an Application Package is submitted to the Lender for underwriting. Further, Broker may receive compensation from a Borrower if and only if (a) the fee is disclosed in a written agreement between the Borrower and Broker, (b) that agreement discloses that Lender is not receiving any of the fee, (c) the fee complies with all federal, state and local laws and regulations, (d) the fee is commensurate with the services actually rendered by Broker in connection with the mortgage loan application, and (e) the fee is within the most recent limitations communicated by Lender to Broker. As of the date of this Agreement, that fee was limited to one half of one percent (0.5%) of the principal loan amount, up to a maximum of Ten Thousand Dollars (\$10,000) for consumer loans. 0.5% of the principal loan amount with no maximum for "Business Purpose Loans".

I have read the foregoing and understand Legacy Group Capital, LLC's Broker Compensation Addendum.

\_\_\_\_\_  
**Broker Company Name**

By: \_\_\_\_\_  
**Authorized Representation**  
*(Please print)*

By: \_\_\_\_\_  
**Authorized Representation**  
*(Signature)*

Title: \_\_\_\_\_  
**Authorized Representative's Title**

Date: \_\_\_\_\_

**CERTIFICATION REGARDING CORPORATE AUTHORITY**  
**(PRINCIPAL)**

To give further assurances to the parties entering into the Broker Lending Agreement with Legacy Group Capital, LLC, the following information is certified as being true and accurate by the undersigned officer of:

(the "Company"):

\_\_\_\_\_  
*(Corporate Name of Broker)*

1. The Company is in good standing in the state of its incorporation;
2. The Company has obtained the necessary authority from its board of directors to enter into the Broker Lending Agreement and to execute the Agreement and any other documents necessary to carry out the Agreement;
3. The following individuals were, as of the date of the Broker Lending Agreement, or are, as of the date below if the Broker Lending Agreement and this certification are executed simultaneously, duly elected officials of the Company holding the office or position set opposite their respective names and the signatures set opposite their respective names are their true signatures, each having full authority to bind the Company to the terms and conditions of the Broker Lending Agreement:

Name:

Title:

Signature:

\_\_\_\_\_  
*(Please Print)*

\_\_\_\_\_  
*(Please Print)*

\_\_\_\_\_  
*(Please Print)*

4. The Broker Lending Agreement and any other necessary documents, once executed by the Company, constitute valid and enforceable agreements, whether or not such execution pre-dates this certification.

\_\_\_\_\_  
**Signature**

\_\_\_\_\_  
**Printed Name**

\_\_\_\_\_  
**Title, Office, or Position**

\_\_\_\_\_  
**Date**

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## LEGACY GROUP CAPITAL, LLC LOAN FRAUD ZERO TOLERANCE

All approved Wholesale Loan Brokers and Correspondents must be aware that the licensed real estate broker, mortgage lender, mortgage banker or loan broker (collectively, the “Broker”) bears the responsibility for all actions of the Broker’s employees or licensees. The Broker is responsible for the content and quality of each application taken and each loan submitted to Legacy Group Capital, LLC.

### **THE SUBMISSION OF A LOAN APPLICATION CONTAINING FALSE INFORMATION IS A CRIME!**

#### **Types of Loan Fraud**

1. Submission of inaccurate information, including false statements on loan application(s) and falsification of documents purporting to substantiate credit, employment, deposit and asset information, personal information including identity, ownership/non-ownership of real property etc.
2. Forgery of partially or predominantly accurate information.
3. Incorrect statements regarding current occupancy or intent to maintain minimum continuing occupancy as stated in the security instrument.
4. Lack of due diligence by Broker/loan officer/interviewer/processor, including failure to obtain all information required by the application and failure to request further information as dictated by Borrower’s response to other questions.
5. Unquestioned acceptance of information or documentation that is known, should be known, or should be suspected to be inaccurate.
  - A. Simultaneous or consecutive processing of multiple owner-occupied loans from one applicant supplying different information on each application.
  - B. Allowing applicant or interested third party to “assist with the processing of the loan”.
6. Broker’s non-disclosure of relevant information.

#### **Consequences to Broker who Participate in Loan Fraud**

1. Criminal prosecution.
2. Loss of Broker’s license.
3. Loss of lender access due to exchange of information between lenders, mortgage insurance companies including submission of information to investors (Freddie Mac/Fannie Mae), police agencies and the State Licensing Agencies.
4. Civil action by Legacy Group Capital, LLC.
5. Civil action by applicant/borrower or other parties to the transaction.
6. Loss of approval status with Legacy Group Capital, LLC.

I have read the foregoing and understand Legacy Group Capital, LLC’s position on “Loan Fraud”.

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**Company Name**

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**Signature of “Broker of Record”**

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**Signature of Principal Officer**

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**State/License Number**

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## REQUIRED NOTIFICATION OF USA PATRIOT ACT MORTGAGE BROKER NOTIFICATION LETTER

Section 326 of the **USA PATRIOT Act** requires a **Customer Identification Program**.

To be in compliance with the Act, the following information must be submitted to all applicants and co-applicants before we can process any credit applicants.

1. Customer's Full Name
2. Customer's Physical Street Address
3. Customer's Date of Birth
4. Customer's Social Security Number

Per your Broker Agreement (Page 3, MORTGAGE LOAN APPLICATION FILES):

*Each mortgage loan application file contains all the documents required for the relevant program related to mortgage property within the geographic limitations of the program and otherwise satisfies the relevant program requirements. Each of those documents is genuine and complies with applicable law; the signatures on it are genuine, and the information in it is true and complete. Broker shall provide such additional information or documentation as Lender shall reasonably require to fund, book, perfect, and report any mortgage loan.*

By receiving this letter, you acknowledge that you are required to notify all applicants to comply with the USA PATRIOT Act's provisions and provide the identifying information as requested to complete the processing of all loan applicants sent to Legacy Group Capital, LLC.

Per the Customer Identification Program, the following notice **MUST** be given to all Legacy Group Capital, LLC Credit Applicants:

**IMPORTANT INFORMATION ABOUT PROCEDURES FOR OPENING A NEW ACCOUNT**

*To help the government fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify, and record information that identifies each person who opens an account.*

***What this means for you:*** *When you apply for a new loan account, we will ask for your name, address, date of birth, and other information that will allow us to identify you. We may also ask for your driver's license or other identifying documents.*

Should you have any questions, please contact Legacy Group Capital, LLC.

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## ANNUAL RECERTIFICATION NOTICE

Each year Legacy Group Capital, LLC will ask that your company submit updated documents to satisfy our annual recertification requirements. Legacy Group Capital, LLC is regulated by the OCC, and we are required to work with you to maintain current records on your Company profile.

Documents needed to meet the annual recertification requirements include:

- Completed and executed Annual Recertification Response Form
- Most recent year end audited (if available) or unaudited Financial Statement
- Copy of Insurance Policy that meets state requirement (i.e., surety bond, fidelity bond, limited liability policy, etc.)
- Please note that certain responses on the Annual Recertification Response Form may require additional documentation to be submitted.

Legacy Group Capital, LLC will notify you of when you are required to submit the documentation referenced above along with any additional information, and the date that it is due.

Annual Review includes:

- Review the Annual Recertification Response Form for completeness and that it has been executed.
  - Verify that it meets the minimum established net worth requirement
  - Compare to previous year net worth to determine change percentage
- Verify insurance policy is current
- Review Pull Through Rate (based on the total number of applications submitted including; approved, counter offered, declined for credit and/or verifications, incomplete and borrower cancellation) to:
  - Verify it meets the minimum established pull through rate requirement.

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