

MK Lending Corp.

Broker Package

## Broker Application

**Broker Approval Criteria**

- Be properly licensed and authorized within the state it operates in to originate and broker loans.
- Have been in business for at least two (2) years. In cases of newer firms, principals should have at least five (5) years' experience in mortgage brokering or lending.
- Have a good reputation in the industry with proven references, and a high level of professionalism and strong ethical standards.
- Maintain at all times a minimum tangible net worth equal to a minimum of twenty-five thousand dollars and no cents (\$25,000.00) for approval unless state requirements are greater. Net worth must be determined in accordance with Generally Accepted Accounting Principles (GAAP).
- Have a 'good standing' rating with all governmental licensing and revenue collection agencies and have a public record clear of any civil or criminal judgments. A Broker whose firm has been suspended, is currently under investigation by any agency or has an open judgment in excess of twenty percent (20%) of their Net Worth will not be approved or may not be renewed to do business with the Company.
- Have a personal credit profile of "A-" or better (*minimum 620 credit score*) for all sole proprietors and partners. In the case of corporations, the Company may request personal credit reports from the corporate officers if the corporation's credit report is not satisfactory. Past credit difficulties will be reviewed on a case-by-case basis. A letter from the Broker explaining the derogatory item(s) will be required.

**Broker Application****Broker Application & Agreement  
Required Support Documentation****MK Lending Account Executive:**

- ☐ Completed and executed Broker Application and Broker Agreement. (enclosed)
- ☐ Completed and executed Fax/E-mail Authorization Form. (enclosed)
- ☐ Completed and executed Consumer Release Authorization Form. (enclosed)
- ☐ Signed Loan Fraud and Zero Tolerance Statement (enclosed)
- ☐ Completed Authorization to Release Information from Broker of Record for Business and Principals (enclosed)
- ☐ Resolution of Board of Directors (enclosed)
- ☐ Anti-Money Laundering and Bank Secrecy Act Compliance (enclosed)
- ☐ DO Sponsorship Request (If applicable then provide below) \*
  - ☐ Name of the Credit Reporting Agency in use (for pulling borrower's credit) \*:
  - ☐ Sample Credit Report (IF NOT USING CORELOGIC) \*
- ☐ Credit Report (Principals, Broker of Record) no more than 60 days old. (If not provided, MK Lending will pull credit)
- ☐ Completed and executed W-9 Form from licensed broker.
- ☐ Interim Year-to Date Financial Statements. (Balance Sheet and Profit and Loss)
- ☐ Copy of Articles of Incorporation / Organization or Partnership Agreements / Fictitious Name Statement
- ☐ Copy of all applicable Lending Licenses
- ☐ Quality Control Plan/Procedures
- ☐ Copy of Resumes (Broker of Record, Principal Officer(s) and key employees)
- ☐ Most recent 1-month bank statement

## Broker Application

## General Information:

How did you find out about MK Lending's Wholesale Lending Services? (check One):

☐ Print Ad    ☐ Trade Show    ☐ E-Mail    ☐ Referral    ☐ Other: Legal Name of Firm: 

(as shown on Articles of Incorporation, Articles of Organization, and Partnership Agreement(s) (as applicable)

Doing Business as (DBA): 

(As shown on DBA registration statement files)

Business Address: City / State / Zip : 

(Attach additional sheets if needed for all other locations. Approval is necessary for each location with documentation)

Company Phone #:  Fax Number: Primary Contact Person:  Primary Contact Phone #: 

## Company Information:

Type of Business (Check One): ☐ Loan Brokerage    ☐ Real Estate BrokerageBusiness Classification (Check One): ☐ Sole Proprietorship    ☐ Partnership    ☐ Limited Liability Company☐ C-Corporation    ☐ S-Corporation    ☐ Other: If a corporation, is it a subsidiary of, or controlled by, another entity? (check one): ☐ Yes    ☐ NoIf yes, by whom: Company organized and existing under laws of  on Federal Tax ID  Years in Business  Number of Employees  Number of Loan Originators

## Broker Application

Principal Officers, Directors, General Partners (Including all Principals with 10% or more ownership)  
(Attach separate sheet for additional principals if necessary)

Name:  Title:  Years in Industry:

Percentage of Ownership:  SSN:  Involved in Day-to-Day Activity (check one): ☐ Yes ☐ No

Name:  Title:  Years in Industry:

Percentage of Ownership:  SSN:  Involved in Day-to-Day Activity (check one): ☐ Yes ☐ No

Name:  Title:  Years in Industry:

Percentage of Ownership:  SSN:  Involved in Day-to-Day Activity (check one): ☐ Yes ☒ No

Name:  Title:  Years in Industry:

## Broker Application

Company (BRE/DBO):

<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
State	BRE/DBO	Issue Date	Expiration Date	License Number
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
State	BRE/DBO	Issue Date	Expiration Date	License Number
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
State	BRE/DBO	Issue Date	Expiration Date	License Number
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
State	BRE/DBO	Issue Date	Expiration Date	License Number

Licensing Information (NMLS):

<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
State	NMLS	Issue Date	Expiration Date	License Number
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
State	NMLS	Issue Date	Expiration Date	License Number
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
State	NMLS	Issue Date	Expiration Date	License Number
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
State	NMLS	Issue Date	Expiration Date	License Number

List of Key Operation Individuals:

(Attach separate sheet for additional individuals if necessary)

(Please circle the Admin user)

Name:	<input type="text"/>	email:	<input type="text"/>	Position:	<input type="text"/>
Name:	<input type="text"/>	email:	<input type="text"/>	Position:	<input type="text"/>
Name:	<input type="text"/>	email:	<input type="text"/>	Position:	<input type="text"/>
Name:	<input type="text"/>	email:	<input type="text"/>	Position:	<input type="text"/>

The email receiving lock confirmation:

## Broker Application

Volume of Business:

	Year:		Year:		Current Year:	
	Unit	\$Amount	Unit	\$Amount	Unit	\$Amount
Conventional						
FHA						
VA						
Others						
Fixed						
ARM						
Purchase						
R/T Refinance						
C/O Refinance						

**Broker Application****Lender References:**

(List at least Three companies that you have submitted the most loans to in the last six months. Attach additional sheets if necessary.)

1. Company Name:  Years Approved: Address:  City / State/ Zip: Phone Number:  E-mail: Types of Loans Submitted: 2. Company Name:  Years Approved: Address:  City / State/ Zip: Phone Number:  E-mail: Types of Loans Submitted: 3. Company Name:  Years Approved: Address:  City / State/ Zip: Phone Number:  E-mail: Types of Loans Submitted: 4. Company Name:  Years Approved: Address:  City / State/ Zip: Phone Number:  E-mail: Types of Loans Submitted: 5. Company Name:  Years Approved: Address:  City / State/ Zip: Phone Number:  E-mail: Types of Loans Submitted:



**Broker Application****Other Information:**

(Check appropriate box for each question)

1. Has the Applicant or any of its officers or principals ever been rejected, suspended or terminated by any lender or agency?  
☐ Yes ☐ No
2. Has the Applicant or any of its officers or principals declared bankruptcy in the past seven years?  
☐ Yes ☐ No
3. Has the Applicant, any of its officers or principals or employees ever had a formal complaint filed against it/them, been reported or subject to disciplinary action by any State or Federal agency (including FBI, OTS, OCC FDIC, VA or any other law enforcement or regulatory agency) regarding any actual or alleged unfair business practice, fraud, forgery, misrepresentation or bank crime?  
☐ Yes ☐ No
4. Have any claims, suits or pending litigation been made or filed during the past five years against the Applicant, any of its officers, principals or employees?  
☐ Yes ☐ No

Attention: If any of the answers for the above questions were marked Yes, Please attach an explanation of circumstance, reasons for occurrence and action taken to prevent a recurrence of similar claim or action. If applicable, describe resolution and case number.

5. Has the applicant ever submitted loans to MK Lending or any of its affiliate companies?  
☐ Yes ☐ No

If Yes, When?  Reason for not stopping:

6. Is the applicant an approved FNMA / FHLMC Seller Servicer?  
☐ Yes ☐ No

If Yes, Provide FNMA / FHLMC Seller Servicer #'s:

7. During the past five years, has the name of the Applicant been changed or any other business been purchased, merged or consolidated with the Applicant?  
☐ Yes ☐ No

If Yes, identify on a separate sheet of paper the year, type of change and names and relationships between all entries involved.

8. Does the Applicant or any of the principals now own or control or have they in the past five years owned or controlled a real estate company, real estate development company, construction company or financial services company such as: title company, escrow company, tax preparation, financial counseling, or stock brokerage company?  
☐ Yes ☐ No

If Yes, please list names and addresses below.

Company Name:  Company Address:

Company Name:  Company Address:

**Broker Application**

List of Employees (Include LO):

1. Name:	<input type="text"/>	E-mail	<input type="text"/>	NMLS #	<input type="text"/>
2. Name:	<input type="text"/>	E-mail	<input type="text"/>	NMLS #	<input type="text"/>
3. Name:	<input type="text"/>	E-mail	<input type="text"/>	NMLS #	<input type="text"/>
4. Name:	<input type="text"/>	E-mail	<input type="text"/>	NMLS #	<input type="text"/>
5. Name:	<input type="text"/>	E-mail	<input type="text"/>	NMLS #	<input type="text"/>
6. Name:	<input type="text"/>	E-mail	<input type="text"/>	NMLS #	<input type="text"/>
7. Name:	<input type="text"/>	E-mail	<input type="text"/>	NMLS #	<input type="text"/>
8. Name:	<input type="text"/>	E-mail	<input type="text"/>	NMLS #	<input type="text"/>
9. Name:	<input type="text"/>	E-mail	<input type="text"/>	NMLS #	<input type="text"/>
10. Name:	<input type="text"/>	E-mail	<input type="text"/>	NMLS #	<input type="text"/>
11. Name:	<input type="text"/>	E-mail	<input type="text"/>	NMLS #	<input type="text"/>
12. Name:	<input type="text"/>	E-mail	<input type="text"/>	NMLS #	<input type="text"/>
13. Name:	<input type="text"/>	E-mail	<input type="text"/>	NMLS #	<input type="text"/>
14. Name:	<input type="text"/>	E-mail	<input type="text"/>	NMLS #	<input type="text"/>
15. Name:	<input type="text"/>	E-mail	<input type="text"/>	NMLS #	<input type="text"/>
16. Name:	<input type="text"/>	E-mail	<input type="text"/>	NMLS #	<input type="text"/>
17. Name:	<input type="text"/>	E-mail	<input type="text"/>	NMLS #	<input type="text"/>
18. Name:	<input type="text"/>	E-mail	<input type="text"/>	NMLS #	<input type="text"/>
19. Name:	<input type="text"/>	E-mail	<input type="text"/>	NMLS #	<input type="text"/>
20. Name:	<input type="text"/>	E-mail	<input type="text"/>	NMLS #	<input type="text"/>
21. Name:	<input type="text"/>	E-mail	<input type="text"/>	NMLS #	<input type="text"/>
22. Name:	<input type="text"/>	E-mail	<input type="text"/>	NMLS #	<input type="text"/>

**Broker Application****Certification and Authorization:**

The undersigned certifies to MK Lending and its successors and assigns that the foregoing information and all accompanying documents are true and complete. The undersigned hereby authorizes MK Lending to obtain verification of any information or documentation provided in connection with this Application from any source (including, but not limited to both business and personal character or credit references provided by Applicant or any owner, principal, officer, employee, member, partner or representative of Applicant.) Applicant hereby releases and holds harmless MK Lending and third party vendor assisting with verification of information or documentation provided (including, without limitation, and background search) from and against all liability for claims, damages, losses, costs and expenses of any kind whatsoever that may arise from such verification efforts or the use or reporting of any information obtained in the course of such verification efforts.

Signature:  Date: Print Name:  Title: Company Name: Signature:  Date: Print Name:  Title:

**Authorization to Fax and / or E-mail**

MK Lending Corp. is committed to serving your information needs by keeping you informed of business and event updates through fax and e-mail broadcasting. We will use this information to keep you informed of new product lines and market changes.

New rules governing Fax and E-Mail solicitations require us to obtain your signed permission to send updates to you when we use broadcasts. Your information and signature below will permit us to keep you up-to-date with the most recent information.

Company Name

Individual Name

Phone Number

Fax Number

E-mail Address

I hereby consent to receive information relating to the mortgage business from MK Lending Corp.

Please deliver information as follows:

☐ Send via Fax to fax number above.

☐ Send via E-mail to above e-mail address.

☐ Send using both methods listed above.

MK Lending Corp. will not send you information pertaining to product updates, and market changes. I

declare I am authorized to grant this consent on behalf of the above named company.

Signature

Printed Name

Date

**Disclosure to Broker Candidate**  
**Regarding procurement of a consumer Report**

In connection with your application to broker loans, we may procure a consumer report on you as a part of the process of considering your candidacy as a broker. In the event that information from the report is utilized in whole or in part of making an adverse decision with regard to your potential affiliation, before making the adverse decision, we will provide you with a copy of the consumer report and a description in writing of your rights under the law.

Please be advised that we may also obtain an investigative report including information as to your character, general reputation, personal characteristics, and mode of living. This information may be obtained by contacting your previous employers or references supplied by you. Please be advised that you have the right to request in writing, within a reasonable time, that we make a complete and accurate disclosure of the nature and scope of the information requested. Such disclosure will be made to you within 5 days of the date on which we receive the request from you or within five days of the time the report was first requested.

By your signature below, you hereby authorize us to obtain a consumer report about you in order to consider you for our broker program.

Applicant's Signature:

Printed Name:

Applicant's Address:

City / State / Zip:

Social Security #:

## Broker Agreement

**THIS BROKER AGREEMENT** (the "Agreement") is entered into by and between MK Lending Corp. ("MK Lending"), a California corporation, having its principal office at 11023 McCormick St. #100 North Hollywood, CA 91601,

and ,  
at  (hereafter "Broker") having its principal office at the address listed on the signature page of this Agreement.

WHEREAS, Broker engages in the business of taking applications for residential mortgage loans, aiding and assisting borrowers in pre-qualification for mortgage loans, recommending and choosing a mortgage product and completing applications and processing those applications on behalf of others, in exchange for a fee or other consideration; and

WHEREAS, MK Lending desires to act as a lender for certain mortgage loans meeting criteria and to underwrite and fund such mortgage loans, subject to the terms of this Agreement.

NOW THEREFORE, for mutual consideration, the receipt and sufficiency of which are hereby acknowledged, the parties, intending to be legally bound, agree as follows:

**ARTICLE 1: DEFINITIONS AND RULES OF CONSTRUCTION****1.1 DEFINITIONS**

Agency: Fannie Mae, formerly known as the Federal National Mortgage Association ("Fannie Mae"), Freddie Mac, formerly known as Federal Home Loan Mortgage Corporation ("Freddie Mac"), the Government National Mortgage Association ("Ginnie Mae"), the Federal Housing Administration ("FHA"), the Veterans Administration ("VA"), the Department of Housing and Urban Development ("HUD"), or any other federal or state agency which sponsors mortgage loans.

Applicable Requirements: All of the following: (i) all contractual obligations of the Broker (including, without limitation, those contractual obligations contained in this Agreement and/or in any of the other Program Documents, or in any agreement with any insurer, or in any of the Mortgage Loan Documents) for which Broker was or is responsible; (ii) all applicable federal, state and local legal and regulatory requirements (including statutes, rules, regulations and ordinances) binding upon Broker; (iii) all other applicable requirements and guidelines of each governmental and quasi-governmental agency, board, commission, instrumentality and other governmental body or office having jurisdiction; (iv) all other applicable judicial and administrative judgments, orders, stipulations, awards, writs and injunctions; (v) the reasonable and customary

mortgage origination practices of prudent mortgage brokers that originate Mortgage Loans of the same type as the Mortgage Loans in the jurisdictions in which the related Mortgaged Properties are located; and (vi) to the extent that they require a standard of care that is not lower than that required by all of the foregoing, the standards Broker employs and exercises in originating and administering Mortgage Loans for its own account (if applicable).

Applicant: A person seeking a Mortgage Loan.

Application: A written request from a prospective Borrower seeking a Mortgage Loan, taken by Broker on the applicable form and in conformity with the applicable terms and conditions set forth in this Agreement, together with any and all materials issued and/or collected in connection therewith.

Borrower: The person or persons who submit(s) an Application to Broker, liable on a Note, and receive(s) a Mortgage Loan that is the subject of this Agreement.

Broker Application: An application executed by Broker and submitted to MK Lending for MK Lending's approval to originate Mortgage Loans with MK Lending, which application shall be in the form designated by MK Lending from time to time.

Guidelines: All policies, procedures, and requirements of MK Lending issued from time to time by MK Lending electronically or in writing and applicable to the Registration, Underwriting, and funding of Mortgage Loans pursuant to this Agreement. The Guidelines can be modified in part or in whole at any time by MK Lending immediately upon notice to Broker, which notice may include publication of changes by electronic means including, but not limited to posting to an applicable MK Lending's website. The Guidelines, and all revisions thereto, are expressly incorporated herein by this reference and made a part of this Agreement in all respects. Changes to the Guidelines will become effective when published unless otherwise provided in an earlier communication.

Knowledge: That which is actually known to the Broker including its officers, agents, directors, and employees, or that which through the exercise of responsible care or diligence, should have been known to any of such persons.

Mortgage: A valid and enforceable mortgage, deed of trust or other instrument pledging real property as security for payment of a Note.

Mortgage Loan: A loan or revolving line of credit secured by a first or subordinate lien on a one to four family dwelling, which loan is the subject of this Agreement, evidenced by a Note and secured by a Mortgage, and including the Mortgage Loan Documents and all other instruments evidencing and/or securing a Borrower's indebtedness.

Initials

**Mortgage Loan Documents:** The Note and Mortgage and any and all other documents, instruments and materials that are required to be maintained or prepared in connection with the making of a Mortgage Loan pursuant to this Agreement.

**Mortgage Loan Program:** A type of Mortgage Loan, the terms and conditions of which are described in the Guidelines, and which can be offered to Applicants as an eligible Mortgage Loan under the terms of this Agreement.

**Mortgaged Property:** The interest in real property encumbered by the Mortgage.

**Note:** A valid and enforceable promissory note or other instrument which evidences a Borrower's obligation to repay a Mortgage Loan.

**Program Documents:** This Agreement, the Broker Application, any document evidencing any of the Guidelines, any and all Applications submitted by Broker, and any and all documents, instruments and materials issued or submitted by Broker in connection with any of the foregoing.

**Rate-Lock:** The act of obtaining a certain interest rate and funding price/compensation to Broker in connection with a prospective Mortgage Loan, subject to any qualifications and/or caveats set forth on any applicable Rate Sheet or Guidelines.

**Rate-Sheet:** An informational sheet that provides a representation of interest rate and funding price/compensation to Broker, combinations under current market conditions, subject to applicable price adjustment factors, Note interest rate and margin buy-ups and buy-downs, and any other qualifications and/or caveats set forth therein.

**Register and Registration:** The act or process of registering a prospective Mortgage Loan with MK Lending, as set forth in the Guidelines. A registered Mortgage Loan may be in float status or in a Rate-Locked status.

**Underwrite:** "Underwrite" or "Underwriting" means the examination of an Applicant's Application, credit history, income and financial resources, and the real estate collateral to be used as security for the Mortgage Loan, using the underwriting standards of the particular Mortgage Loan Program for the purposes of determining whether to extend credit to an Applicant.

## **1.2 RULES OF CONSTRUCTION**

a. General Interpretive Rules. For purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, (i) the terms defined in this Agreement have the meanings assigned to them in this Agreement and include the plural as well as the singular, and the use of any gender herein shall be deemed to include the other gender; (ii) reference herein to "Article," "Section," and other subdivisions, and to "Exhibits," without reference to a document, are to designated Articles, Sections and other subdivisions of, and to Exhibits to, this Agreement (as applicable);

(iii) "including" means "including but not limited to;" (iv) the words "herein," "hereof," "hereunder" and other words of similar import refer to this Agreement (as applicable) as a whole and not to any particular provision; and (v) unless otherwise specified herein, any derivative of a term defined in this Article I shall be interpreted by reference to such definition.

b. Relation to Other Documents. Nothing in this Agreement shall be deemed to amend or relieve Broker of its obligations under any other Program Document.

c. MK Lending's Sole Discretion. Whenever any provision of this Agreement or the Broker Agreement requires MK Lending to make a determination of fact or a decision to act, or to permit, approve, or deny another party's action, such determination or decision shall be deemed to be in MK Lending's sole and absolute discretion.

## **ARTICLE 2: ELIGIBLE LOANS; PRICING**

### **2.1 MORTGAGE LOAN PROGRAMS.**

MK Lending shall from time to time, distribute to Broker information with respect to the types of conventional, non-conforming, ARM, FHA-insured, VA-guaranteed and other Agency-sponsored loan applications MK Lending is willing to Register. MK Lending will register only those Applications eligible for the Mortgage Loan Programs offered by MK Lending. Broker will be entitled to Register FHA-insured, VA-guaranteed or other Agency sponsored Application only upon (i) submission to MK Lending of such additional information and documents as required by MK Lending, and (ii) receipt by Broker of separate written authorization from MK Lending. Broker acknowledges that MK Lending reserves the right to alter, add, or delete Mortgage Loan Programs from time to time by amending the Guidelines, and Broker accepts responsibility for knowing which Mortgage Loan Programs are offered by MK Lending at any given time. Broker shall be responsible for assuring that each Application submitted to MK Lending complies with all the terms and conditions of the applicable Mortgage Loan Program at the time Broker Registers the Mortgage Loan with MK Lending.

### **2.2 MORTGAGE LOAN PRICING.**

MK Lending shall issue to Broker on a periodic basis Rate Sheets and/or other pricing information applicable to Mortgage Loan programs offered by MK Lending. Such Rate Sheets and/or pricing information shall be issued by MK Lending by facsimile, electronic mail, or by posting on the applicable MK lending website, and shall be subject to change by MK Lending without notice. Broker covenants to MK Lending that Broker shall comply with Applicable Requirements (including, without limitation, any applicable Guidelines concerning interest rates and Rate-Locks that apply to the particular Mortgage Loan Programs offered by MK Lending). In the event that a Rate-Lock expires prior to the closing of the related (prospective) Mortgage Loan,

Text and such expiration is not due to any negligent act or omission of MK Lending, MK Lending shall have no further obligations with respect to such Mortgage Loan, and Broker shall take no action suggesting otherwise.

**ARTICLE 3: DUTIES OF BROKER****3.1 TAKING OF APPLICATIONS; DISCLOSURES.**

Broker shall take applications for Mortgage Loans in its own name through its employees. Broker shall provide to each Applicant, contemporaneously with the taking of such application, broker disclosure(s) that comply with Applicable Requirements and the Guidelines. All Applications must have been originated and processed by Broker. Broker shall not submit third party originations under this Agreement.

**3.2 REGISTRATION; APPLICATION.**

Broker shall Register each Application with MK Lending as set forth in the Guidelines. Broker shall submit for each Application Registered with MK Lending (a) the fully completed broker disclosure(s) which have been signed as of the date of application by the Applicant and the Broker; (b) the actual Application signed by the Applicant; and (c) such credit, financial and other information as set forth in this Agreement and/or the Guidelines, including, with respect to any government-sponsored loan, any information required by the procedures and guidelines of the sponsoring Agency. Broker shall assist MK Lending in obtaining any additional information needed or desired by MK Lending to facilitate the underwriting and closing of the loan transaction.

**3.3 PERFORMANCE OF BROKER SERVICES.**

In addition to taking the information from the Applicant, filling out the Application, and providing and explaining the broker disclosure(s), Broker shall, for every loan, perform certain services, including (but not limited to) the following services (except to the extent that such services are (i) not required in connection with the applicable Mortgage Loan Program, (ii) not required as specified in the Guidelines, (iii) not applicable for an applicant, or (iv) services to be provided by MK Lending):

(a) analyzing the Applicant's income and debt and pre-qualifying the Applicant to determine the maximum Mortgage Loan that the applicant can afford; (b) educating the Applicant in the home buying and financing process, advising the Applicant about the different types of Mortgage Loan Programs available, and demonstrating how closing costs and monthly payments would vary under each product; (c) collecting financial information (tax returns, bank statements) from Applicant, as well as other related documents that are part of the application process; (d) initiating and ordering verifications of employment (VOE) and verification of deposits (VOD); (e) initiating and ordering requests for mortgage and other loan verifications; (f) initiating and ordering appraisals or provide payment from Applicant for MK Lending to initiate and order appraisal; (g) initiating and ordering inspections or engineering reports; (h) providing disclosures (Truth in Lending, Good Faith Estimate, Mortgage Loan Disclosure



Statement, etc) to Applicants, as required by Applicable Requirements and the Guidelines; (i) assisting Applicants in understanding and addressing credit problems; (j) maintaining regular contact with Applicants, real estate agents, and MK Lending, from application through closing to apprise them of the status of the Application and to gather any additional information as needed; (k) ordering legal documents (e.g., title reports); (l) participating in the loan closing process in which Borrower's execute Mortgage Loan Documents; (m) analyzing the information provided by Borrower and confirming that the Borrower's application complies with Applicable Requirements and the Guidelines; and (n) providing such other services as may be required in connection with a particular loan transaction.

MK Lending's failure to conduct an independent investigation with respect to such materials, signatures, and information shall not affect or modify the representations and warranties made by Broker under this Article of the Agreement or the rights available to MK Lending for any breach thereof.

### 3.4 BROKER COMPENSATION.

Any fee payable to Broker for its provision of goods, services or facilities in connection with Applications and Mortgage Loans shall be paid in accordance with the Guidelines and Applicable Requirements, and only in connection with a particular Mortgage Loan if each of the following conditions is met: (a) Broker has actually provided all necessary goods, services and/or facilities in connection with the Mortgage Loan; (b) Broker has submitted an executed (i) Mortgage Loan Origination Agreement and (ii) Mortgage Loan Disclosure Statement, between Broker and the Applicant, which said agreements satisfy the requirements of the Applicable Requirements and Guidelines; (c) Broker is in compliance with all Applicable Requirements and all of the terms of this Agreement and has submitted fully executed copies of all required disclosures with the Application; (d) with respect to each Application, Broker and the Applicant have completed and executed a Good Faith Estimate ("GFE") which complies with Applicable Requirements and contains all applicable fees and charges and itemizes the dollar amount of compensation that will be paid to the Broker, (MK Lending shall rely on Broker's GFE in completing its own GFE, and Broker's compensation may not be greater than the amount set forth in the Broker-completed GFE); (e) Broker has performed, at a minimum, the services required under Section 3.3 of this Agreement and the Guidelines with respect to the Mortgage Loan; (f) any lender-paid compensation, when combined with other borrower-paid compensation, in connection with the origination of the Mortgage Loan, shall not be greater than that allowed under Applicable Requirements and shall be subject to the additional limitations set forth in the Guidelines. Broker covenants to MK Lending that the total compensation earned by Broker from all sources will constitute a reasonable payment for the goods, facilities and services actually provided by Broker and Broker will not retain duplicative payments for any of those goods, fees or services.

Broker represents, warrants, and covenants to MK Lending, Corp. to fully comply completely and in a timely manner with every requirement of all applicable federal and state laws dealing with the origination of the Loans, including without limitation upon the generality of the foregoing, the Consumer Credit Protection Act, ("CCPA"); the Equal Credit Opportunity Act and Regulation B promulgated thereunder ("ECOA"); the Truth in Lending Act and Regulation Z promulgated thereunder, including without limitation, those portions of Regulation Z and the Official Staff Commentary that pertain to Loan Originator Compensation, effective April 1, 2011 ("TILA"); the Real Estate Settlement Procedures Act and Regulation X promulgated thereunder ("RESPA"); and all applicable state or federal statutes or regulations governing fraud, consumer credit transactions, predatory and abusive lending, consumer privacy, and mortgage banks and brokers in general. Broker shall maintain, available for Lender's inspection, and shall deliver to Lender upon demand, evidence of compliance with all such requirements.

The compensation paid by MK Lending, Corp. to Broker pursuant to this agreement shall comply in all respects with applicable federal and state law including, without limitation, those portions of Regulation Z and the Official Staff Commentary of the Truth in Lending Act that pertain to Loan Originator compensation, effective April 1, 2011. Without limiting the foregoing, the compensation paid by Lender to Broker shall not be based on the terms or conditions of the Loan, or on any "proxy" for a term or condition. All compensation paid to Broker pursuant to this Agreement will be based on a pre-determined, fixed percentage of the amount of credit extended, subject to MK Lending, Corp.'s right to establish a minimum or maximum amount of compensation in connection with any particular Loan or Loan Product. Any compensation paid by MK Lending, Corp. to Broker shall be in consideration for the services performed by Broker, and shall be as described on rate sheets provided by MK Lending, Corp. to Broker from time to time. MK Lending, Corp. reserves the right to amend the pre-determined fixed rate of compensation payable to Broker under this Agreement on a periodic basis. Any such amendment will be incorporated by reference into this Agreement. Broker's fixed rate of compensation is set forth in the Compensation Agreement, and is incorporated into this Agreement by reference.

Broker acknowledges that the following forms of compensation set forth all the forms of compensation which Broker has or will enter into with any individual Loan Originator, during the term of this Agreement, with respect to any Creditor-Paid Consumer Credit Transaction secured by a Dwelling. The terms "Loan Originator", "Creditor-Paid Consumer Credit Transaction", and "Dwelling" shall have the meanings attributed to them in Part 226 of Regulation Z implementing TILA. **(Broker to initial each applicable section).**

**Commissions.** Broker pays its loan originators a pre-determined fixed commission, which does not vary by loan, loan type, or loan product and which is calculated by multiplying a fixed percentage against the principal loan amount funded. Commissions may be subject to a minimum or a maximum dollar amount, or both, in Broker's discretion.

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**Broker Initials**

**Fixed Dollar Amount.** Broker pays its Loan Originator(s) a pre-determined fixed dollar amount, which does not vary by loan, loan type, or loan product and which is paid in connection with each closed and funded loan, without regard to the principal loan amount funded.

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**Broker Initials**

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**Broker Initials**

### **3.5 GOVERNMENT SPONSORED LOANS.**

All FHA-insured, VA-guaranteed, or other Agency sponsored loans shall be originated and closed in accordance with all requirements of the sponsoring Agency. With respect to the origination of any FHA-insured or VA-guaranteed Mortgage Loan, Broker may act as MK Lending's agent for the sole purpose of taking the Application. This agency relationship shall be solely for the benefit of the Broker and MK Lending and not for the benefit of any third party. Broker shall act as MK Lending's agent only at such time as Broker submits such FHA-insured or VA-guaranteed Application to MK Lending for credit underwriting. At all other times, Broker shall be acting as an independent mortgage broker with respect to such FHA-insured or VA-guaranteed Mortgage Loans and the Applicant. Broker agrees not to advertise, publicize or discuss, in any manner whatsoever, the fact that Broker is acting as MK Lending's agent with respect to the origination of any FHA-insured or VA-guaranteed Mortgage Loan. Broker shall, with respect to the origination of any FHA-insured or VA-guaranteed Mortgage Loan, describe and represent MK Lending's policies, procedures and pricing only as set forth by MK Lending. Broker shall purchase any Mortgage Loan that HUD refuses to insure unless HUD's refusal to insure is due to negligent actions of MK Lending.

### **3.6 COMMUNICATIONS WITH APPLICANTS.**

Except as may be otherwise provided in the Guidelines, Broker shall be responsible for all communications with Applicants. Broker shall promptly deliver to such Applicants any documents prepared by MK Lending and intended for delivery to Applicants.

### **3.7 LOAN RESCISSION, REIMBURSEMENT OF FEES.**

If Broker has collected any fees from a Borrower, including any fees payable to a third party, in connection with a Mortgage Loan that is rescinded by the Borrower pursuant to applicable state or federal law or regulation, Broker shall promptly refund all such fees that are required to be refunded to the Borrower. Broker shall also pay to Borrower any other amounts to which Borrower is entitled, whether or not those amounts were ever paid to or through Broker.

## **ARTICLE 4: DUTIES OF MK Lending**

### **4.1 UNDERWRITING OF REGISTERED APPLICATIONS.**

MK Lending or its agent shall Underwrite every Application Registered pursuant to this Agreement. MK Lending shall have no obligation to approve or close a Mortgage Loan which in its sole discretion does not meet MK Lending's Underwriting requirements. In making its determination, MK Lending expressly disclaims any conclusions Broker may draw as to the general quality or acceptability of the related Application. MK Lending retains sole and absolute discretion to reject any Application that does not comply with the terms and conditions of this Agreement or the Guidelines, or for any reason whatsoever (except any reason prohibited by law), and to set the terms and conditions of any approval of an Application. MK Lending shall notify Broker of the disposition of an Application as set forth in the Guidelines. Broker may not represent that MK Lending has approved or will approve any Application until MK Lending informs Broker in writing that it has done so. If MK Lending declines any Application, Broker shall notify the Applicant promptly upon receipt of notice of MK Lending's decision and deliver the required adverse action notice to the Applicant in accordance with Applicable Requirements. Broker shall also maintain evidence that any adverse action notice required to be received by the Applicant was in fact received. MK Lending will have no obligation or liability to Broker for any mortgage loan that is not closed by MK Lending nor for any delays in the processing of any Application.

### **4.2 CLOSING OF MORTGAGE LOANS.**

MK Lending shall proceed to the closing of the Mortgage Loan under the terms and conditions of its approval. MK Lending shall prepare the closing package and close the Mortgage Loan in its name and with its own funds. Notwithstanding the foregoing, if separately agreed to in an Addendum to this Agreement signed by the parties, MK Lending may authorize Broker (a) to prepare the closing package for MK Lending's review, and/or (b) to close the Mortgage Loan in Broker's name.

**ARTICLE 5: GENERAL REPRESENTATIONS, WARRANTIES, AND COVENANTS OF BROKER**

As an inducement to MK Lending to enter into this Agreement and to consummate the transactions contemplated hereunder, Broker makes the following representation, warranties and covenants to MK Lending and any successor in interest to MK Lending under this Agreement as of the date hereof, as of each and every date Broker submits an Application to MK Lending, and, with respect to each Application, as of the date that the related Mortgage Loan is funded by MK Lending. MK Lending shall be deemed to have relied on such representation, warranties, and covenants, regardless of any independent investigation it may have made or may hereafter make.

**5.1 DUE ORGANIZATION; GOOD STANDING.**

Broker is (i) duly organized, validly existing and in good standing (in the case of a corporation or limited liability company) under the laws of the state governing its creation and in existence during the time of its activities with respect to the origination of the Applications and closing of the Mortgage Loans subject to this Agreement; (ii) qualified and duly licensed to do business in each state or jurisdiction in which it accepts an Application for a Mortgage Loan; and (iii) in compliance with all necessary licensing and lending requirements.

**5.2 AUTHORITY AND CAPACITY.**

Broker has all power, authority and capacity legally required 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 have been duly and validly authorized by all necessary action legally required. This Agreement constitutes a valid and legally binding Agreement of Broker enforceable in accordance with its terms.

**5.3 EFFECTIVE AGREEMENT; NO CONFLICTS.**

The execution, delivery and performance of this Agreement by Broker, its compliance with the terms hereof and consummation of the transactions contemplated hereby, will not violate, conflict with, result in a breach of, give rise to any right of termination, cancellation or acceleration under, constitute a default under, be prohibited by or require any additional approval under its articles of incorporation (in the case of a corporation), bylaws, partnership agreement or other applicable organizational documents or any instrument or agreement to which it is a party or by which it is bound, or any Applicable Requirement.

**5.4 COMPLIANCE WITH LAWS.**

Broker has complied, and shall comply, both in the conduct of its business generally, and in its origination of each Mortgage Loan and the submission of each Application, with all Applicable Requirements, including, without limitation

upon the generality of the foregoing, the GLB Act and the FCRA (as defined in Section 11.7 below), the Equal Credit Opportunity Act ("ECOA") and Regulation B, including without limitation, its requirements relating to nondiscrimination, the Truth-in-Lending Act, and Regulation Z, RESPA and Regulation X, the Mortgage Disclosure Improvement Act, Home Valuation Code of Conduct, SAFE Act, and and state laws and regulations governing mortgage lending and mortgage brokerage. Broker represents and warrants that no Mortgage Loan is a High Cost Loan as that term is defined by the Home Ownership and Equity Protection Act ("HOEPA") or similar state and/or federal law, and the Mortgage Loan does not fall into any other classification under state law which the Guidelines identify as a Mortgage Loan not eligible for purchase. Broker further represents and warrants that it is properly licensed in all jurisdictions where required for the origination of Mortgage Loans as provided for in this Agreement and agrees to maintain all applicable licenses and approvals in good standing during the term of this Agreement. If any FHA, VA, or other Agency sponsored Applications are offered to MK Lending, Broker warrants that it has obtained, and has provided copies to MK Lending of, all FHA, VA and other Agency approvals required and has taken any action required or to be taken by Broker in relation to such files. Broker shall maintain, and, at MK Lending's request, make available for MK Lending's inspection, evidence of compliance with all such requirements.

**5.5 NOTICE OF THREATENED ACTIONS.**

Except as otherwise disclosed to MK Lending in the Broker Application, Broker has not been issued any administrative order, Cease and Desist decree or been the subject of regulatory action. Broker covenants to MK Lending that Broker shall immediately advise MK Lending in writing of any inquiry, material complaint or pending or threatened action, by way of a proceeding or otherwise, to revoke or limit any license, permit, authorization or approval issued or granted by any federal, state or local government or quasi-governmental body, or any agency or instrumentality thereof, necessary for Broker to conduct its business, or to impose any penalty or other disciplinary sanction in connection therewith, or any other sanction that would materially affect Broker's business or standing. In addition, in the event Broker receives any letter, notice, or other written correspondence ("Notice") from any regulatory agency with respect to any Application Registered with MK Lending, Broker covenants to MK Lending that Broker shall advise MK Lending immediately of such Notice and deliver a copy of the Notice to MK Lending. Broker further represents and warrants that no material complaints have been filed against Broker alleging unfair and deceptive practices and/or violations of any consumer protection laws and Broker covenants to MK Lending that Broker shall notify MK Lending immediately in the event of any such occurrence.

**5.6 LITIGATION.**

Except as previously disclosed in writing to and acknowledged in writing to MK Lending, Broker is not party to (a) any pending, or to Broker's Knowledge, threatened litigation as a defendant involving fraud, misrepresentation, violation of any state or federal lending laws or regulatory compliance, (b) any claims by borrowers, or (c) any negative investor or regulatory finding through audits, examinations or mortgage guaranty insurance investigations.

**5.7 NO UNTRUE OR MISLEADING STATEMENTS.**

No representation, warranty or written statement made by Broker to MK Lending (i) in this Agreement or in any schedule, written statement or document furnished to MK Lending in connection with the transactions contemplated hereby, or (ii) in any Application contains or will contain any untrue statement of a material fact or omits or will omit to state a material fact necessary to make the statements contained herein or therein not misleading.

**5.8 INSURANCE.**

Unless otherwise agreed to in writing by MK Lending, Broker possesses and shall maintain, at no expense to MK Lending, during the term of this Agreement, fidelity bond coverage and errors and omissions insurance, and shall furnish evidence of such coverage upon MK Lending's request. Such policies shall be in reasonable amounts, with acceptable standard coverage's, satisfactory to MK Lending. Broker shall notify MK Lending of changes thereto or cancellation thereof.

**5.9 BUSINESS INFORMATION.**

Broker shall furnish MK Lending and its representatives with any necessary information and data concerning the affairs of Broker, as MK Lending may reasonably request, including without limitation information regarding the status of Broker's license, permits, authorizations and approvals necessary for the conduct of its business as well as the copies of such documents. Broker shall furnish, annually or when requested by MK Lending, copies of audited financial statements, the type and sufficiency of which shall be determined by MK Lending in its sole discretion, together with such other information bearing upon Broker's financial condition as MK Lending may reasonably request.

**5.10 ABILITY TO PERFORM.**

Broker represents that it employs or will employ a sufficient number of knowledgeable and capable individuals to perform the services required by this Agreement.

**ARTICLE 6: REPRESENTATIONS, WARRANTIES AND COVENANTS AS TO APPLICATIONS AND/OR MORTGAGE LOANS**

As further inducement to MK Lending to enter into this Agreement and to consummate the closing and funding of Mortgage Loans hereunder, Broker makes the representations, warranties and covenants in Section 6.1 to 6.5 of this Agreement, as of the date of submission to MK Lending of the related Application, and as of the date that the related Mortgage Loan is funded by MK Lending. Each of the following representations, warranties and covenants (a) applies to any and all Applications Registered by Broker with MK Lending and funded by MK Lending, (b) is for the benefit of MK Lending and its successors or assignors, (c) shall survive any investigation by or on behalf of MK Lending, any repurchase of Mortgage Loan by MK Lending, any foreclosure or liquidation of the Mortgage Loan, and through any termination of this Agreement or similar event, (d) is deemed to have been relied on by MK Lending, regardless of any independent investigation MK Lending may have made or may here-after make, and (e) is in addition to any other specific representations, warranties or covenants contained elsewhere herein.

**6.1 COMPLIANCE WITH LAWS AND WITH MK Lending POLICIES AND PROCEDURES.**

To Broker's Knowledge, as of the date each Mortgage Loan is funded by MK Lending, the Mortgage Loan will comply with all Applicable Requirements. The origination of the Mortgage Loan complies in all respects with the Guidelines. Each Mortgage Loan Registered was originated by Broker and not by a third party. The Application (including all information and documentation submitted in connection with such Application) and, to Broker's Knowledge, all related Mortgage Loan Documents have been prepared and/or completed in accordance with the Guidelines and all Applicable Requirements, and all information provided by Applicant and Broker in such Applications, Mortgage Loan Documents, or other documents and/or provided to any Agency or private mortgage insurer is true and correct in all respects and does not fail to disclose any facts which could be material or which would make such information misleading. All Broker compensation has been fully disclosed to the Applicant in compliance with Applicable Requirements and the Guidelines. The Applicant has executed and received a copy of the broker disclosure(s) as required by the Guidelines and there are no disputes with respect to Broker's compensation in connection with the origination or closing of the Mortgage Loan.

**6.2 FACTUAL DISCLOSURE.**

With regard to all Applications submitted to MK Lending hereunder, all facts relating to any prospective Mortgage Loan transaction that are known or should be known to Broker and that may adversely affect the value of the Mortgaged Property, the credit, character or capacity



of the Borrower, the validity of the Mortgage, or any other aspect of the transaction, have been disclosed in writing to MK Lending. To Broker's Knowledge, the Mortgaged Property has not been damaged by fire, flood or other causes.

### **6.3 NO ADVERSE CIRCUMSTANCES.**

Broker has no knowledge of any circumstances or conditions with respect to the Application, the related Mortgaged Property, the Applicant or the Applicant's credit standing that reasonably could be expected to cause third party investors or the Agencies to regard any related Mortgage Loan as an unacceptable investment, cause any related Mortgage Loan to become delinquent or adversely affect the value or marketability of the related Mortgage Loan.

### **6.4 NO OTHER AGREEMENTS.**

Broker has not made, directly or indirectly, any payment on the Mortgage Loan, the Application, or any fee paid for goods and services rendered in connection with the origination and closing of the Mortgage Loan, or on any other loan of Applicant from any other person or entity. Broker has also not made any agreement with the Applicant providing for any variation of the Note rate, schedule of payment or other terms and conditions of the related Mortgage Loan; and Broker has not received a request for approval of or notice of any proposed assumption, loss draft or payoff of the Mortgage Loan.

### **6.5 GOVERNMENT SPONSORED LOANS.**

With regard to FHA-insured and VA-guaranteed or other government sponsored Mortgage Loans, all submissions to MK Lending and the sponsoring agency are true, complete and accurate and comply with all requirements of the sponsoring Agency.

### **6.6 DOCUMENTATION.**

No error, omission, misrepresentation, negligence, fraud, or similar occurrence with respect to a Mortgage Loan, including without limitation, the related documentation, has taken place on the part of any person, including but not limited, the Broker, any agent, employee, or officer of the Broker, the Borrower any appraiser, any builder or developer, any other party involved in the origination of the Mortgage Loan or in the application of any insurance in relation to such Mortgage Loan.

### **ARTICLE 7: RESPONSIBILITY FOR FRAUD; PURCHASE OBLIGATION**

Broker shall not submit any Application or other Mortgage Loan Document containing false or misrepresented information. Broker shall be responsible for all actions taken in the course of its performance of its obligations under this Agreement, whether performed by Broker, its employees or licensees, or the Applicant, or any other third party involved in the origination of the Mortgage Loan as it is the Broker's duty to review all documents related to the loan prior to its

submission to MK Lending. Broker shall purchase any Mortgage Loan if fraud has occurred in the origination of such Mortgage Loan. Broker understands and agrees that in the event MK Lending reasonably believes that misrepresentations or fraud (e.g., instances of misstatements and/or inconsistencies generated by Broker with or without Broker's knowledge) exists in an Application (or related document), MK Lending may report such misrepresentation or fraud to the appropriate state and federal regulatory authorities, law enforcement agencies, and fraud databases. Broker acknowledges the importance of MK Lending's right, and necessity to disclose such information. Broker waives any and all claims for liability, damages, and equitable or administrative relief in connection with MK Lending's disclosure of such information.

### **ARTICLE 8: PURCHASE**

#### **8.1 REASONS FOR PURCHASE; TIMING OF PURCHASE; PURCHASE PRICE; ASSIGNMENT.**

Broker agrees to purchase from MK Lending any Mortgage Loan resulting from an Application subject to this Agreement, upon the terms and conditions set forth herein: (i) in the event that Broker has breached any of the terms of this Agreement, (ii) MK Lending receives a repurchase notification from any third party investor and the repurchase request is based on actual or alleged fraud, or misrepresentation with respect to the Mortgage Loan, or (iii) MK Lending receives a repurchase notification from any third party investor involving a delinquency or default, triggered by either (A) an early payment default that occurs within one-hundred eighty (180) days of funding, or (B) an early payoff that occurs within one-hundred and eighty (180) days of funding and not within the exception as outlined in the Paragraph 11.6 below, by a borrower on the Mortgage Loan. Broker shall purchase any Mortgage Loan required to be purchased pursuant to this provision within thirty (30) calendar days after Broker's receipt of written demand for purchase from MK Lending. The purchase price for any Mortgage Loan that Broker is required to purchase hereunder shall be amount based on whether MK Lending has repurchased the Mortgage Loan from the third party investor. If MK Lending has *not* repurchased the Mortgage Loan, then Broker agrees to pay the loss mitigation amount incurred by MK Lending, plus a reasonable administrative fee. If MK Lending has repurchased the Mortgage Loan, then the purchase price the Broker is required to purchase any Mortgage Loan hereunder shall be an amount equal to the sum of (a) the then unpaid principal balance of the Mortgage Loan, which will reflect a credit for any proceeds from liquidation of the Mortgaged Property, should the third party investor elect to liquidate the property; (b) accrued interest through the date of purchase; (c) all unreimbursed advances, costs and expenses incurred by MK Lending with regard to such Mortgage Loan; (d) all other costs, or expenses incurred by MK Lending, including penalties incurred by MK Lending from any investor or servicer and reasonable attorneys' fees incurred in

connection with the purchase, and (e) any fees paid by MK Lending, including but not limited to all fees and costs paid to Broker and/or other parties for goods and services rendered in connection with the origination and closing of the Mortgage Loan. Upon any such purchase of a Mortgage Loan by Broker, MK Lending shall endorse the Note and shall assign the Mortgage in recordable form to Broker, without representations and warranties, whether express or implied, and without recourse to MK Lending. If the Mortgaged Property has been liquidated by the third party investor for any reason, whether by judicial or non-judicial foreclosure, short sale, deed in lieu of foreclosure, or any mechanism, MK Lending will assign all available rights it holds to the deficiency obligations of the Borrower, to the Broker.

## **8.2 NON-WAIVER OF REMEDIES; RIGHT TO OFFSET.**

MK Lending is not required to demand purchase within any particular period of time. Any delay or passage of time before making such demand shall not constitute a waiver by MK Lending and nothing contained in this Article 8 shall limit MK Lending's right to any remedy, legal or equitable; all such legal and equitable remedies, including those provided for herein, being in addition to and not in lieu of any other remedy. Any amount owed by Broker to MK Lending may be offset by MK Lending against funds due Broker or any affiliated entities, subsidiaries, principals or related parties at the sole and reasonable discretion of MK Lending.

## **ARTICLE 9: INDEMNIFICATION**

Broker shall indemnify and hold MK Lending harmless against and in respect of, and shall reimburse MK Lending for any and all losses, liabilities, claims, damages, costs including without limitation reasonable attorneys' fees and costs (including allocated costs of in-house counsel), and actions suffered or incurred by MK Lending which arise out of, result from or relate to: (a) the breach by Broker of any covenant, condition, term, obligation, representation or warranty contained (i) in this Agreement or the Guidelines, or (ii) in any written statement or certificate furnished by Broker pursuant to this Agreement, the Guidelines, and/or the Broker Application, including, without limitation, those arising from any improper origination or processing of Mortgage Loans; or (b) any material act or omission of Broker or any employee or agent of Broker, or of any Broker-selected third party, whose act or omission adversely affects any Mortgage Loan Registered with and funded by MK Lending hereunder. Without limiting the foregoing, Broker's obligations under this Article 9 shall include costs and expenses associated with MK Lending's efforts to require Broker to purchase Mortgage Loans under this Agreement. In all actions with third parties in which MK Lending has the right to be indemnified hereunder, MK Lending shall have the complete and exclusive right to determine the conduct and defense of such legal proceeding or investigation with such third party including, without limitation, the right to compromise, settle, defend or continue any such action.

## **ARTICLE 10: TERM; TERMINATION**

### **10.1 TERM.**

The term of this Agreement shall commence as of the date hereof and shall extend until the termination of this Agreement pursuant to this Article, with Broker's representations, warranties, covenants, and other obligations and agreements contained in this Agreement, including without limitation, Broker's purchase and indemnification obligations, shall survive any termination of this Agreement, or the transfer of any Mortgage Loan by MK Lending to a third party. Broker acknowledges that MK Lending may terminate Broker's participation in any or all of the Mortgage Loan Programs, with or without cause and at MK Lending's sole discretion, pursuant to this Article. Broker and MK Lending agree that this Agreement does not constitute an obligation or commitment of Broker to submit or deliver any specific loan, or of MK Lending to approve or fund any specific loan or loans.

### **10.2 TERMINATION WITHOUT CAUSE; TERMINATION FOR CAUSE.**

MK Lending or Broker may terminate this Agreement without cause upon five (5) calendar days' written notice to the other party. Except as provided below, such termination shall not in any way change or modify the obligations of the parties with respect to Applications that have been Registered and Rate-Locked with MK Lending pursuant to this Agreement prior to the date of termination. No termination hereunder shall change or modify Broker's obligations under this Agreement accruing prior to the date of termination. No termination hereunder shall change or modify Broker's obligations under this Agreement accruing prior to the date of termination. Notwithstanding anything to the contrary herein, MK Lending may (i) refuse to fund any Mortgage Loan, whether or not such Mortgage Loan has been Registered and/or Rate-Locked (and MK Lending shall have no liability under this Agreement for any such refusal) and/or (ii) terminate this Agreement immediately, upon written notice to Broker, if (a) MK Lending determines that any fraud has occurred in the origination of any Mortgage Loan; (b) Broker fails to perform any of its obligations under this Agreement, or breaches any representation, warranty or covenant made herein; (c) any Applicable Requirement makes it unlawful for MK Lending and Broker to do business in accordance with the terms of this Agreement; (d) Broker misrepresents or misleads any Applicants or other persons about the obligations of MK Lending under this Agreement, misrepresents the relationship between MK Lending and Broker, or engages in or aids and abets another in any deceptive practice; (e) Broker attempts to assign its rights under this Agreement without MK Lending's prior written consent or fails to comply with the requirements of this Agreement restricting transfer of interest; (f) any of Broker's licenses, authorities, permits or approvals is revoked, suspended, or cancelled, or expires without renewal; (g) Broker is

placed on debarment, limited denial of participation, exclusionary, or similar list of any government sponsored enterprise; or (h) Broker violates any Applicable Requirement, or violates any industry standard, including but not limited to codes of ethics or professionalism.

**ARTICLE 11: MISCELLANEOUS****11.1 ASSIGNMENT.**

MK Lending shall have the right to assign or transfer this Agreement and its duties, obligations or rights hereunder. Broker may not assign, transfer or subcontract any of its duties, obligations or rights under this Agreement without MK Lending's prior written consent. A change in the ownership of, or merger or consolidation of, Broker, or sale by Broker of substantially all of its assets, shall be considered an assignment for purposes of this Agreement. In the event MK Lending assigns any of its rights in the Applications and/or related Mortgage Loans that are the subject hereof, such assignee shall have the same rights as MK Lending with respect to this Agreement.

**11.2 NOTICES.**

Any notice or demand shall be in writing and shall be deemed to have been given if either served personally or sent by prepaid, registered or certified mail, return receipt requested, or by overnight courier. Notices shall be addressed to each party as indicated in this Agreement. Either party may give notice of its change of address by written notice to the other. Nothing in this section shall be interpreted to restrict MK Lending's right to modify the Guidelines as provided for elsewhere in this Agreement, or to publish such modifications in writing or by electronic means including, but not limited to, transmission by telecopies or posting to the MK Lending web site.

**11.3 BOOKS AND RECORDS.**

Broker shall prepare and maintain files of Mortgage Loan Documents in accordance with applicable guidelines established in the Guidelines and Applicable Requirements. Broker and MK Lending shall keep and maintain a complete and accurate account, satisfactory to MK Lending, of all funds collected and paid relating to the Mortgage Loans. Broker shall give MK Lending, its employees, and its representatives, including without limitation internal and external auditors, quality control auditors, attorneys, and regulatory agency examiners, access, upon twenty-four (24) hours notice and during normal business hours, to audit and inspect Broker's files, books, records, reports, statistics and other documents of Broker relating to its obligations under this Agreement. Broker covenants that it will cooperate with MK Lending in the investigation of any claim and assist in the defense of any lawsuit out of the obligations of the parties under this Agreement. In addition, Broker will cooperate with MK Lending, its auditors, and/or regulatory examiners in any audit of MK Lending and in any regulatory examination of MK Lending.

**11.4 RELATIONSHIP OF PARTIES.**

Neither party is the partner, agent, employee or representative of the other nor nothing in this Agreement shall be construed or deemed to create a partnership, joint venture, agency or employment relationship between MK Lending and Broker. Broker shall conduct business in its own name and not in MK Lending's name. Broker shall not represent that its office is an office, branch or agent of MK Lending or in any other way connected with MK Lending. Broker shall have no authority to sign any documents on behalf of MK Lending. Broker shall be responsible for its overhead and operational costs, payroll and all other costs.

**11.5 CONSENT TO COMMUNICATION.**

Broker and MK Lending each understands that by executing this Agreement each such party is consenting to receive communications (including, without limitation, Rate Sheets) sent via facsimile, electronic mail and/or any other applicable electronic means by or on behalf of the other party hereto at such facsimile number(s) or electronic mail address(es) as designated by the other party from time to time. This consent will be in effect until such time as the Agreement is terminated, and any provisions of the Agreement surviving such termination are no longer in effect.

**11.6 EARLY PAYOFF.**

If any Mortgage Loan is paid off within two hundred ten (210) days, or any Non-Qualified Mortgage (Non-QM) Loan is paid off within three hundred sixty five (365) days of the date the Mortgage Loan or Non-QM Loan was consummated/funded, regardless of Broker's involvement in Borrower's payoff, Broker agrees to pay MK Lending all compensation Broker received as a result of Mortgage Loan, plus an administration fee of Three Thousand Dollars (\$3,000). In the event the payoff is due to a refinance by the same Broker, and the new loan is delivered back to MK Lending, part or all of the above requirements may be waived upon the sole discretion of MK Lending. MK Lending shall notify Broker in writing of the amount due with respect to any Early Payoff, and Broker agrees to submit payment within fifteen (15) days of receipt of such notice. If payment is not timely received by MK Lending, the amount owing may be offset against any amount due Broker, or an affiliated Broker as determined by MK Lending, from MK Lending.

**11.7 CONFIDENTIALITY; SAFEGUARDING CONSUMER INFORMATION.**

Broker agrees that information concerning MK Lending's business (including that of all corporate affiliates) is "Confidential Information" and proprietary and shall be maintained in confidence and not disclosed, used, duplicated, published, disseminated or otherwise made available, except as described in this section. "Confidential Information" may also include, without limitation, lists of (or other information relating to and identified with)

customers, former or prospective customers or Applicants, trade secrets, confidential and proprietary methods, techniques, processes, applications, approaches, and other information of MK Lending in various forms, which information is used or is useful in the conduct of MK Lending's business including MK Lending's origination, purchase, and sale of mortgage products and the subject matter of this Agreement. Broker may use Confidential Information of MK Lending only (i) in connection with performance under this Agreement, and (ii) in compliance with applicable provisions of Subtitle A of Title V of the Gramm-Leach-Bailey Act (codified at 15 U.S.C. 6801 et seq.), as it may be amended from time to time (the "GLB act"), the regulations promulgated thereunder, the Fair Credit Reporting Act, 15 U.S.C §1681 et seq. (as it may be amended from time to time, the "FCRA") and all other Applicable Requirements. Except as described in this Agreement, Broker shall not copy Confidential Information or disclose Confidential Information to persons who do not need Confidential Information in order to perform under this Agreement. Broker shall maintain an appropriate information security program (in accordance with the GLB Act and/or any other Applicable Requirements) to prevent the unauthorized disclosure, misuse, alteration or destruction of confidential Information. Confidential Information shall be returned to MK Lending upon termination of this Agreement. Confidential Information does not include information that is generally known or available to the public or that is not treated as confidential by the party claiming such information to be confidential, provided, however, that this exception shall not apply to any publicly available information to the extent that the disclosure or sharing of the information by one or both parties is subject to any limitation, restriction, consent, or notification requirement under any applicable, federal or state information privacy law or regulation then in effect. If requested by MK Lending, any employee, representative, agent or subcontractor of Broker shall enter into a nondisclosure agreement with MK Lending to protect the Confidential Information of MK Lending. A breach of Broker's confidentiality obligations may cause MK Lending to suffer irreparable harm in an amount not easily ascertained. The parties agree that such breach, whether threatened or actual, will give MK Lending the right to obtain equitable relief, *i.e.*, obtain an injunction to restrain such disclosure or use without the requirement of posting a bond, and pursue all other remedies said party may have at law or in equity.

#### **11.8 ADVERTISING AND TRADEMARK.**

Broker shall not use or appropriate in any manner either the name of MK Lending or of any subsidiary or affiliate of MK Lending, or any of MK Lending's (or such subsidiary or affiliate's ) product names, trade names, symbols or trademarks, unless specifically licensed in writing to do so by MK Lending.

#### **11.9 ENTIRE AGREEMENT.**

This Agreement, the Guidelines, and any other agreement,

document or instrument attached hereto or referred to herein or in the Guidelines, contain the entire Agreement between the parties and supersedes all prior agreements and understandings with respect to the subject matter hereof. In the event of any conflict between the terms, conditions and provisions of this Agreement, the Guidelines, and any such agreement, document or instrument, the terms conditions and provisions of this Agreement shall prevail.

#### **11.10 MODIFICATION AND WAIVER.**

No termination, cancellation, modification, amendment, deletion, addition or other change in this Agreement, or any provision hereof, or waiver of any right or remedy herein provided, shall be effective for any purpose unless specifically set forth in a writing signed by an authorized officer of the party or parties to be bound thereby. The waiver of any right or remedy in respect of any one occasion shall not be deemed a waiver of such right or remedy with respect of such occurrence or event on any other occasion. Nothing in this section shall be interpreted to restrict MK Lending's right to modify the Guidelines as provided for elsewhere in this Agreement or to publish such modifications in writing or by electronic means including, but not limited to, posting to the MK Lending website.

#### **11.11 MODIFICATION OF OBLIGATIONS.**

MK Lending may, without any notice to Broker, extend, compromise, renew, release, modify, adjust or alter, by operation of law or otherwise, any of the obligations of a Borrower or other persons obligated under a Mortgage Loan without releasing or otherwise affecting the obligations of Broker with respect to such Mortgage Loan or otherwise under this Agreement.

#### **11.12 SURVIVAL OF PROVISIONS.**

If any of the terms or provisions of this Agreement are for any reason whatsoever held invalid, then such terms or provisions will be deemed severable and shall in no way affect the validity or enforceability of such remaining provisions and terms, all of which shall remain in full force and effect. All of the covenants, agreements, representations and warranties made herein shall survive and continue in effect after the termination of the Agreement or the consummation of the transactions contemplated hereby.

#### **11.13 NO SOLICITATION.**

Mortgage Loans brokered to MK Lending cannot be solicited by Broker for refinance for a period of twelve (12) months from the date the Mortgage Loan is consummated. Borrowers requesting a refinance from Broker during that period must be referred to MK Lending.



# Wholesale Lending Broker Application and Agreement

**11.14 COUNTERPARTS.**

This Agreement may be executed by one or more of the parties to this Agreement on any number of separate counterparts and all of said counterparts taken together shall be deemed to constitute one and the same instrument. The parties hereto acknowledge and agree that such counterparts may be executed by signatures sent by facsimile transmissions.

**11.15 GOVERNING LAW; JURISDICTION.**

This Agreement shall be governed by, and construed and enforced in accordance with, applicable federal law and the laws of the State of California. Any action arising out of this Agreement or the transactions contemplated hereby may only be instituted in any state or federal court located in or near Los Angeles, California. Further, each party expressly waives any objection that such party may have to the laying of venue of any such action, and irrevocably submits to the jurisdiction of any such court and agrees to be fully bound by any final unappealed decision of those courts.

**11.16 PERSONAL GUARANTOR.**

If the Broker is an entity other than a sole proprietor, the individual signing this Agreement also agrees to personally guarantee MK Lending for any and all financial obligations that may exist under this Agreement on behalf of the Broker, should the Broker fail to perform for any reason.

**11.17 AGREEMENT FAIRLY CONSTRUED.**

This Agreement shall be construed fairly as to both parties and not in favor of or against either party, regardless of which party prepared this Agreement.

**11.18 RELEASE OF LIABILITY.**

Broker hereby discharges and releases **MK Lending**, its parent companies, subsidiaries and affiliates, and their present and future directors, officers, employees, attorneys, and agents, and the successors and assigns of any of the foregoing, of and from any and all claims, demands, actions, causes of action, suits, damages, attorneys' fees, costs and expenses of suit, liabilities and judgments of whatsoever kind (a "Claim"), by reason of any act or omission relating to MK Lending's or such other party's use of any Application or verification of any information contained therein. Broker further indemnifies and agrees to defend and hold MK Lending harmless with respect to any Claim made by any past, present or future owner, officer, or employee of Broker with respect to such use or verification.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and sealed as of the day and year below written.

**MK Lending, Corp.**

Authorized Signature (MK Lending, Corp.):

By:

Printed Name & Title:

Name:

Title:  Date:

Authorized Signature (Broker)

By:

Printed Name & Title:

Name:

Title:  Date:

Company / Address

Address for Notices:

Initials

**"Loan Fraud"**  
**Zero Tolerance**

All approved Wholesale Loan Brokers must be aware that the licensed real estate broker bears the responsibility for all actions of his or her employees or licensees. The broker is responsible for the content and quality of each application taken and each loan submitted to MK Lending Corp. The submission of a loan application containing false information is a crime.

**Types of Loan Fraud**

- Submission of inaccurate information, including false statements on loan application(s) and falsification of documents purporting to substantiate credit, employment, deposit and asset information including identity, ownership/non-ownership of real property, etc.
- Forgery of partially or predominantly accurate information.
- Incorrect statements regarding current occupancy or intent to maintain minimum continuing occupancy as stated in the security instrument.
- 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.
- Unquestioned acceptance of information or documentation, which is known, should be known, or should be suspected to be inaccurate.
  - Simultaneous or consecutive processing of multiple owner-occupied loans from one Applicant on multiple properties, or from one applicant supplying different information on each application.
  - Allowing an applicant or interested third-party to "assist" with the processing of the loan.
- Broker's non-disclosure of relevant information.

**Consequences**

The effects of "Loan Fraud" are costly to all parties involved. MK Lending, Corp. stands behind the quality of its loan production. Fraudulent loans cannot be sold into the secondary market and, if sold, will require repurchase by MK Lending, Corp. Fraudulent loans damage our reputation with our investors and mortgage insurance providers.

The price paid by those who participate in "Loan Fraud" is even more costly. Following is a list of a few of the potential consequences that may be incurred:

**Consequences to Broker**

- Criminal prosecution.
- Loss of Real Estate Broker's License.

- Loss of lender access due to exchange of information between lenders, mortgage insurance companies, including submission of information to investors (*FHLMC/FNMA/GNMA*), Police Agencies, and the Dept. of Real Estate.
- Civil action by MK Lending, Corp.
- Civil action by applicant/borrower or other parties to the transaction.
- Loss of approval status with MK Lending, Corp.

### Consequences to Borrower

- Acceleration of debt (*FNMA/FHLMC Deed of Trust, revised 9/90*). Item #6 states: "Borrower shall also be in default if Borrower, during the loan application process, gave materially false or inaccurate information or statements to lender (*or failed to provide lender with any material information*) in connection with the loan evidenced by the Note, including, but not limited to, representations concerning Borrower's occupancy of the Property as a principal residence."
  - **Note:** Foreclosure under this section of the Deed of Trust does not require the Borrower to be in "payment default". As such, the Borrower will not have the benefit of reinstatement. In order to cure the default, the Borrower must pay off the loan in full prior to the sale of the property.
- Criminal prosecution.
- Civil action by MK Lending, Corp.
- Civil action the other parties to transaction, such as seller or real estate agent/broker.
- Employment termination.
- Loss of professional
- Adverse effect on credit history.

I have read the foregoing and understand MK Lending, Corp. position on "Loan Fraud."

Broker of Record Signature:

Date:

Principal Officer Signature:

Date:

Initials

**Authorization / Release for Businesses and Individuals**

, (the "Applicant") acknowledges that it is in the best interest of both Applicant and MK Lending, Corp. ("Mortgage Lender") for Mortgage Lender to perform due diligence concerning Applicant's background and experience. Applicant further acknowledges that Applicant benefits from the efficiencies in the due diligence process that are possible when Mortgage Lender and other similarly-situated entities in the mortgage industry exchange information about their experiences in doing business with individuals and companies such as Applicant. Therefore, Applicant hereby consents and gives Mortgage Lender permission to submit the name of Applicant's company and any and all employees of that company for screening through any and all mortgage industry background databases, including, without limitation, databases operated by Mortgage Asset Research Institute, Inc., such as the Mortgage Industry Data Exchange ("MIDEX"). Applicant understands that Mortgage Lender performs quality control reviews of the loans that Applicant submits to Mortgage Lender for registration, review, underwriting, and/or purchase. Applicant understands and hereby consents to the release of information about any loan application that is believed to contain misrepresentations and/or irregularities. Applicant agrees and gives its consent that it and its employees may be named as the originating entity or loan officers on such loans, whether or not Applicant or its employees are implicated in the misrepresentations and/or irregularities. Applicant hereby releases and agrees to hold harmless Mortgage Lender, Mortgage Asset Research Institute, Inc., all MIDEX subscribers, and any trade associations that endorse the MIDEX system from any and all liability for damages, losses, costs, and expenses that may arise from the reporting or use of any information submitted by Mortgage Lender or any other MIDEX subscriber to Mortgage Asset Research Institute, Inc., recorded in the MIDEX system, and used in any way by Mortgage Lender or any other MIDEX subscriber.

Signed for Applicant

Signed for Mortgage Lender

(Printed or Typed Name)

(Printed or Typed Name)

Title: Title: 

Company:

Company:

MK Lending, Corp.

Address:

Address:

11023 McCormick St. #100

North Hollywood, CA 91601

Date: Date:

## Resolution of Board of Directors

RESOLVED that,

President:

Corporate Secretary:

of this corporation, or any one or more of them or their duly elected or appointed successors in office, be and each of them is hereby authorized and empowered in the name of and on behalf of this corporation and under its corporate seal, from time to time while this resolution is in effect, to execute any and all agreements, contract, assignments, endorsement and issuance of checks or drafts, reports, mortgage documents, and other papers in connection with documents, and furnish any information required or deemed necessary or proper by in connection therewith.

I HEREBY CERTIFY that the foregoing is true and correct copy of a resolution adopted by the adopted by the Board of Directors of  on the  day of  , at which a quorum was present and voted, and that such resolution is duly recorded in the minute book of this corporation; that the officers named in said resolution have been duly elected or appointed to, and are the present incumbents of, the respective offices set after their respective names.

Corporate Secretary

## Anti-Money Laundering and Bank Secrecy Act Compliance

On February 14, 2012, the United States Department of Treasury Financial Crimes Enforcement Network (*FinCEN*), issues a final rule (*31 CFR Parts 1010 and 1029 Anti-Money Laundering Program and Suspicious Filing Report Filing Requirements for Residential Mortgage Lenders and Originators*) requiring non-bank residential mortgage lenders, mortgage loan brokers, and originators to establish an Anti-Money Laundering (*AML*) program and file Suspicious Activity Reports (*SARs*) under the Bank Secrecy Act (*BSA*). Compliance with the new rule is required as of August 13, 2012.

FinCEN defines non-bank residential mortgage lenders and originators as loan or finance companies and mortgage loan brokers for the purpose of requiring them to establish AML programs and report suspicious activity under the BSA.

MK Lending requires each broker to certify that an AML program that complies with the FinCEN rule identified is in place.

The undersigned certifies that the undersigned mortgage loan broker has established an Anti-Money Laundering program that complies with 31 CFR Parts 1010 and 1029.

MK Lending Corp. reserves the right to request evidence of compliance. The undersigned mortgage loan broker agrees to provide evidence of compliance, if requested.

Executive Officer Signature

Date

Printed Name

Title

Company Name

Company Address

City / State, Zip



## LENDER PAID COMPENSATION AGREEMENT

Company Name: \_\_\_\_\_

I, the authorized signer for and on behalf of the Broker, here by elect the following percentage of loan amount for determining Broker's Lender-Paid Compensation amount in compliance with the Board of Governors of the Federal Reserve System's Regulation Z to the Truth in Lending Act, for all loans where borrower(s) have chosen to have MK Lending Corp. ("Lender") pay the Broker's Compensation. Please select only one compensation percentage option by checking box below.

TIER 1	TIER 2	TIER 3	TIER 4	TIER 5	TIER 6	TIER 7	TIER 8	TIER 9
0.500%	0.750%	1.000%	1.250%	1.500%	1.750%	2.000%	2.250%	2.500%

If MK Lending Corp. does not receive a completed Lender Paid Compensation Agreement from the Broker/ Owner, then MK Lending Corp. will place the compensation Tier 5 (1.5%) with maximum amount of \$12,000 which is the Default Compensation.

Broker certifies that when compensation is paid by Lender, such amount is and will be their sole source of compensation. Broker will not charge of in any way assess borrower(s) any additional fees or charges.

Broker will not receive or accept any compensation in any form, at any time, from any party other than the Lender.

Broker's compensation is subject to all applicable federal, state and local laws and regulations.

Business Name \_\_\_\_\_

Authorized Signature (Broker/ Owner) \_\_\_\_\_ Date: \_\_\_\_\_

Name \_\_\_\_\_ Effective Date: \_\_\_\_\_

Title \_\_\_\_\_

E-Mail \_\_\_\_\_

MK Lending Corp. Confirmation;

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

## FHA Sponsorship Program

This is an addendum (“Addendum”) to the Mortgage Broker Agreement (“Agreement”) entered into by and between MK Lending Corp and \_\_\_\_\_, this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, such Agreement incorporated herein by this reference. This Addendum is supported by mutual consideration, the adequacy and receipt of which is hereby acknowledged by the Parties.

**WHEREAS**, Mortgage Broker wishes to originate mortgage loan application packages for mortgage loans insured by The Department of Housing and Urban Development (“HUD”) through the Direct Endorsement Program under Sections 203(b), 203(k), and 234(c) of Title 24 of the Code of Federal Regulations, and provisions relating to Home Equity Conversion Mortgages (collectively, “Insured Mortgage Loans”); and

**WHEREAS**, Lender is considering, at its sole option, acting as Sponsor of Mortgage Broker as a 3rd party originator for the origination and processing of applications for such Insured Mortgage Loans; and

**WHEREAS**, Lender and Mortgage Broker wish to define the conditions pursuant to which Lender is willing to sponsor Mortgage Broker and make available the funds necessary to finance Insured Mortgage Loans submitted to and accepted by Lender pursuant to this Addendum.

**NOW THEREFORE**, Lender and Mortgage Broker hereby agree to the following:

**Section 1 – Definitions.** All terms not otherwise defined herein *shall* have the meaning specified in the Agreement. To the extent that this Addendum may conflict with any provisions of the Agreement, the terms and conditions of this Addendum shall control and supersede any conflicting provision in the Agreement.

**Section 2 – Previous Training and Experience.** Mortgage Broker shall submit to Lender, for consideration of sponsorship approval, a Letter of Explanation (“LOE”) certifying and detailing Mortgage Broker’s FHA experience, along with supporting documentation. Such LOE shall include a restatement of current Net Worth, any training certificates from FHA course(s) and/or evidence of FHA loan approvals from other wholesale lenders. To originate Home Equity Conversion Mortgages (“HECM” Loans), Mortgage Broker must be approved for such originations and enter into the agreement with ReverseVision as set forth in Addendum G(R).

**Section 3 – Mortgage Broker Representations and Warranties.** In addition to the Mortgage Broker’s representations and warranties in the Agreement, Mortgage Broker hereby makes the following representations and warranties to Lender as of the date of execution hereof and throughout the term of this Addendum. Lender shall be deemed to have conclusively relied on the representations and warranties, regardless of any independent investigation Lender may have made or may hereafter make.

**A.** Mortgage Broker has the power, authority, and legal right to make, deliver and perform under this Addendum, and all of the transactions contemplated hereunder; and has taken all necessary action to authorize and execution, delivery and performance of this Addendum. The execution of this Addendum has been duly authorized and executed by Mortgage Broker and is, or upon delivery will be, legal, valid and binding obligation of Mortgage Broker enforceable in accordance with its terms, subject only to applicable bankruptcy, reorganization, insolvency, moratorium or other similar laws affecting creditor rights generally.

**B.** Neither this Addendum nor any statement, report, or other document furnished or to be furnished pursuant to this Addendum or in connection with the Lender’s approval or any transactions contemplated hereby, contains any untrue statement of fact or omits to state a fact necessary to make the statements contained therein not misleading.



**C.** To the extent that the mortgage activities contemplated in this Addendum require Federal, state or local licensing, registration or other approval, Mortgage Broker has obtained such license, registration or approval and will maintain them in good standing at all times during the term of this Addendum.

**D.** Mortgage Broker shall perform all loan origination functions with respect to processing applications for Insured Mortgage Loans to be underwritten by Lender, other than those which are authorized by HUD to be performed by third parties. Mortgage Broker shall comply in all respects with all lending requirements of FHA and all requirements of FHA.

**E.** For each Insured Loan originated, an FHA Approval Letter shall be obtained and all conditions for FHA approval met.

**F.** If Mortgage Broker has any association or affiliation with a real estate services company, there is no dual employment.

**G.** If Mortgage Broker is a HUD-approved lender, the only loans to be submitted to Lender will be those for loan programs not offered by Mortgage Broker.

**Section 4 – Funding Agreement.** Mortgage Broker shall process and submit to Lender applications for Insured Mortgage Loans to be underwritten by Lender, all in accordance with the provisions specified in the Agreement. Lender agrees to fund Insured Mortgage Loans which meet Lender's then-current underwriting criteria and which meet all requirements for insurance under HUD's Direct Endorsement program. Approved Insured Mortgage Loans must only be underwritten by Lender and closed in Lender's name, in accordance with Federal, State, and Local requirements. At the closing of the Insured Mortgage Loan, Lender shall advance to the closing agent the amount necessary to fund the Insured Mortgage Loan.

**Section 5 – Lender Representations and Warranties.** Lender, is a mortgagee which holds a valid origination approval agreement with HUD, is approved to participate in the Direct Endorsement program and meets the applicable net worth requirements established by HUD.

**Section 6 – Quality Review.** Lender shall have the right to perform a quality control review of Mortgage Broker's business activities related to the origination and processing of applications for Insured Mortgage Loans pursuant to this Addendum. Mortgage Broker will, upon request, provide Lender with any documentation, including but not limited to financial records and audit reports, which Lender considers necessary to verify Mortgage Broker's compliance with Federal and state requirements for loan brokers. Lender may, upon providing five (5) days' notice, conduct periodic on-site audits of Mortgage Broker's business activities related to this Addendum. The audit will be conducted in compliance with normal and customary procedures and policies outlined by HUD.

**Section 7 – a)** For any FHA loan originated by Mortgage Broker and funded by Lender where the borrower fails to pay any of the first six (6) payments to Lender (or its successors or assigns) within sixty (60) days from such payment being due, Mortgage Broker shall, within thirty (30) days of Lender's written demand, pay to Lender an amount equal to all compensation paid to Mortgage Broker on the loan transaction from any source. For purposes of this section: any payment made on any loan by a person other than the borrower named on the note shall be ignored for purposes of determining whether a monthly payment is thirty (30) days or more delinquent.

**b)** For purposes of HECM/Reverse Mortgage loans, any loan that is substantially prepaid (20% or more of Unpaid Principal Balance) on or before one hundred twenty (120) days following the applicable Closing, Mortgage Broker agrees to pay Lender within thirty (30) days after the Broker is notified by Lender of the prepayment, an equal percentage of any premium paid for or in connection with such loan (e.g. for a loan in which the Borrower prepays 20% of the unpaid principal balance within one hundred twenty (120) days of Closing, the refunded premium shall be 20% of the premium). In addition to any other remedy otherwise available under the terms of this agreement, and at Lender's sole discretion, upon discovery of any evidence of misrepresentation of any material fact in the origination of a Loan funded by Lender, Lender shall notify Mortgage Broker of such finding and Mortgage Broker shall have the opportunity to clarify, explain or

otherwise cure such loan deficiency within the time prescribed by Lender, and to the full and complete subjective satisfaction of Lender. If, after receiving such notice, Mortgage Broker fails to so clarify, correct or otherwise cure such deficiency to the complete subjective satisfaction of Lender within the prescribed time, then Mortgage Broker shall, upon 30 days' written notice by Lender, purchase such deficient Loan from Lender.

c) For purposes of HECM/Reverse Mortgage loans where the qualifying borrower dies within one hundred twenty (120) days of the loan funding, Mortgage Broker shall, within ten (10) days of Lender's written demand, reimburse Lender for all fees, commissions and other compensation that Mortgage Broker received from Lender in connection with said loan, plus any premium ("Premium") and any amounts credited to Mortgage Broker, whether or not credited to Borrower.

**Section 8 – Withdrawal of HUD Approval.** Mortgage Broker agrees to promptly notify Lender in the event that a Loan Originator agreement entered into between Mortgage Broker and another Sponsor is terminated for any reason.

**Section 9 – Agreement.** This Addendum shall be deemed to supplement and, to the extent it is inconsistent with the Agreement, to modify the Agreement. The Agreement shall remain in full force and effect, the rights of the parties under this Addendum shall otherwise be governed by the Agreement and the terms and conditions thereof are incorporated herein by reference.

**Section 10 – Termination.** The termination of the Agreement shall automatically terminate this Addendum. This Addendum may, in addition, be terminated in writing at any time by either party upon ten (10) days prior written notice; provided, however, that in the event that Lender, in its sole discretion, deems Mortgage Broker to be in breach of any of the representations and warranties made herein, Lender may immediately terminate this Addendum without prior notice to Mortgage Broker. However, the termination of this Addendum shall not automatically terminate the Agreement. In the event of a termination of this Addendum, Lender and Mortgage Broker shall promptly notify HUD of such termination.

**Section 11 – Assignment.** Mortgage Broker may not assign this Addendum. Lender may assign this Addendum without the consent of, or prior notice to, Mortgage Broker.

**Acknowledged and Agreed:**  
**Authorized Representative of Mortgage Broker:**

By: \_\_\_\_\_ Print

Name: \_\_\_\_\_ Title:

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

Legal Company Name: \_\_\_\_\_

EIN:   -

NMLS: \_\_\_\_\_

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

Email: \_\_\_\_\_

## DO Sponsorship & Credit Report Criteria

To request DO sponsorship, please provide sample credit report for our review with sufficient information.

For approval, credit report must include all of the items in the checklist below.

- ☐ Payment Trend
- ☐ Account Type
- ☐ Auto loan must indicate installment or lease
- ☐ Public Record
- ☐ Inquiries within last 90 days
- ☐ Credit Summary
- ☐ Derogatory Credit (Must include date of late payments)
- ☐ Employment Information
- ☐ Address Information
- ☐ Fraud Verification Information
- ☐ Identification Information
- ☐ Tri Merge Credit Report & Scores

### Acceptable Credit Agencies (but not limited to):

- Core Logics (Preferred)
- Credit Plus
- Advantus