
Non-Delegated Correspondent Application Checklist

Correspondent: _____ **Date:** _____

To: MCFI Account Executive: _____

The following must be included in the Application Package:

Eligibility Requirements:

- Two years financials: Audited Financials **OR** Financials (P&L and Balance Sheet) prepared by a qualified, independent third party.
- \$75,000 minimum net worth
- \$1,000,000 minimum aggregate warehouse line(s)
- MERS Member # _____
- Must be setup with Fannie Mae & Freddie Mac UCDP System
- Approved with at least 1 Appraisal Management Company as a Correspondent

Checklist of Documents required to be submitted with your Application:

- 1. Completed Non-Delegated Correspondent Application
- 2. Mortgage Loan Purchase Agreement (executed)
- 3. Previous 2 years Financial Statements: Audited OR Financials (P&L and Balance Sheet) prepared by a Qualified, Independent Third Party.
- 4. Year-to-date interim financial statement, signed by Principal or CFO
- 5. Company Summary [Business Plan and/or Brief Overview of the Company's History and goals]
- 6. Organizational Chart or Employee Roster (with titles)
- 7. Articles of Incorporation or Organization (if applicable)
- 8. Copy of Fidelity Bond (minimum \$300,000) and E & O coverage evidencing maximum deductible of \$50,000.00
- 9. Credit report on all owners greater than 10%. (Must be dated within 90 days of this application)
- 10. Two (2) investor scorecards dated within the last 90 days
- 11. Resumes for all principals, officer, managers and key personnel
- 12. Appraiser Independence Policy
- 13. Quality Control Policies & Procedures (Including TRID)
- 14. Most recent 2 Month's QC Reports with Management Responses
- 16. Anti-Money Laundering Policy
- 17. Wire Instructions and Authorization to Verify Warehouse Line(s)
- 18. IRS Form W-9 and 4506-T
- 20. Copy of driver's licenses for all Owner/Guarantors

CORRESPONDENT APPLICATION

Company Information

Mortgage Company Name:		Federal Tax ID	
Street Address:		MERS:	
City, State, Zip		Incorporation Date:	
Company Phone		Incorporation State:	
Company Fax		Company Primary Contact:	
Company Website		Contact Phone:	
Parent Company Name		Contact Email:	

Ownership Schedule

Principal's Name:		Social Security #:	
Title:		DOB (mm/dd/yy):	
% Owned:		# Years Mortgage Exp:	
Principal's Name:		* Social Security #:	
Title:		* DOB (mm/dd/yy):	
% Owned:		# Years Mortgage Exp:	
Company Name:		Federal Tax ID:	
% Owned:			
Company Name:		Federal Tax ID:	
% Owned:			

*(Note: **Date of Birth, Social Security Number, and/or Federal Tax ID required for approval**)*

- ❖ Above information required for any individual and/or Company with > 10% ownership interest
- ❖ For any additional Ownership, please attach separate list containing the above information

State/Agency Licensing

NMLS ID #: _____

 Please indicate if licensed or approved by any of the following, and **submit a copy of Agency approval letters:**

FHA/HUD #		Fannie Mae #	
VA #		Freddie Mac #	
USDA #		GNMA #	

Production

CLOSED LOAN PRODUCTION				
Type	YTD (as of most recent Quarter end)		Most Recent FYE	
	<i>\$\$ Volume</i>	<i># Loans</i>	<i>\$\$ Volume</i>	<i># Loans</i>
Retail				
Wholesale (TPO)				
Totals				
Conventional				
FHA				
VA				
Jumbo				
Other				
Purchase				
Refinance				

Please provide your 12-month projections for total production (from most recent interim date):

Units (#)		Volume(\$)	
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Current Investor Relationships

Investor Name:		Contact Name:	
Monthly Volume (\$\$):		Contact Phone #:	
Relationship Since:		Contact Email:	
Investor Name:		Contact Name:	
Monthly Volume (\$\$):		Contact Phone #:	
Relationship Since:		Contact Email:	
Investor Name:		Contact Name:	
Monthly Volume (\$\$):		Contact Phone #:	
Relationship Since:		Contact Email:	
Investor Name:		Contact Name:	
Monthly Volume (\$\$):		Contact Phone #:	
Relationship Since:		Contact Email:	

Warehouse Relationships

Warehouse Name:		Contact Name:	
Line Amount (\$\$):		Contact Phone #:	
Line Expiration:		Contact Email:	
Warehouse Name:		Contact Name:	
Line Amount (\$\$):		Contact Phone #:	
Line Expiration:		Contact Email:	
Warehouse Name:		Contact Name:	
Line Amount (\$\$):		Contact Phone #:	
Line Expiration:		Contact Email:	

Affiliated Companies

*** Affiliated Companies include any separate business entity that is fully or partially owned by either the Warehouse Customer or the Warehouse Customer's Principal(s). Please provide the following information for all that apply (list if additional) ***

1.

Affiliated Company Name:		
Affiliated Company Address:		
Brief description of business activities:		
Ownership Breakdown (Include Name and % ownership)		
% Correspondent's Production that runs through affiliate:		
% Affiliate's business driven by Correspondent:		
Does Correspondent share employees with affiliate?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
Does Correspondent share office space with affiliate?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
Does any employee of Correspondent have signing authority at the affiliated company? (Include Name(s),Title)	Yes <input type="checkbox"/>	No <input type="checkbox"/>

***** If affiliate is a title company, complete the following *****

a) Title Insurer:	
b) Main Contact Name:	
c) Main Contact Phone:	
d) Main Contact Email:	

Disclosures

1. Has your Company, and/or principals or corporate officers, had a real estate or other professional license suspended or revoked, or received any other disciplinary action from a regulatory agency? Yes No

If yes, please provide an explanation: _____

2. Has your Company been suspended from selling or servicing mortgages by an Investor?

Yes No If yes, please provide an explanation: _____

3. Are you aware of any company officers or employees that are or have been on any agency, state or federal exclusionary list? Yes No If yes, please provide an explanation: _____

4. Has your Company, and/or principals or corporate officers, been named as defendant in a lawsuit for alleged fraud or misrepresentation in connection with any real estate-related activity? Yes No

If yes, please provide the following details surrounding any settled, open or pending litigation: 1) litigation explanation, 2) plaintiff name, 3) dates the case was opened and resolved, 4) potential Correspondent exposure amount, and 5) the Company action plan to resolve. _____

5. Please provide details surrounding any settled, open or pending Repurchases and/or Indemnifications within the past **24 months**. Include: 1) investor name, 2) note date, 3) repurchase amount, and 4) repurchase explanation (*please include with respect to each loan*).

If no repurchases/indemnifications, enter "N/A". _____

6. Has your Company developed a compliance program in accordance with FinCEN's Anti-Money Laundering rules issued pursuant to the Bank Secrecy Act? Yes No

7. Has your company developed a compliance program in accordance with the US Patriot Act? Yes No

8. Is your Company in compliance with the CFPB's loan originator compensation rules? Yes No

9. Is your company in compliance with SAFE Act regulations? Yes No

10. Is your company in compliance with FNMA/FHLMC Appraiser Independence Requirements? Yes No

11. Has your company taken steps to meet CFBP Title XIV mortgage rules (provisions under Dodd Frank Wall Street Reform and Consumer Protection Act) effective January, 2014? Yes No

Contact Information

Secondary Marketing Manager _____

Phone Number _____ Fax Number _____ e-Mail Address _____

Internal Warehouse Contact _____

Phone Number _____ Fax Number _____ e-Mail Address _____

Operations Manager _____

Phone Number _____ Fax Number _____ e-Mail Address _____

Underwriting/Credit Manager _____

Phone Number _____ Fax Number _____ e-Mail Address _____

Certification & Authorization

The undersigned certifies that the statement set forth herein and in any accompanying documents are true and factual to the undersigned's best knowledge. The undersigned hereby authorizes Mega Capital Funding Inc. to obtain verification of the information it may deem necessary about the Applicant and its principals from any source including any investor, governmental agency or authority, credit bureau or reporting agency, MI company, Mortgage Asset Research Institute, Inc. (MARI) or any other person or entity including warehouse guarantors.

Additionally, the undersigned and company ("We") represent and warrant that the information provided is complete and accurate in all respects. We understand that this application is made for the purpose of inducing Mega Capital Funding Inc. to approve our request for a warehouse lending facility with Mega Capital Funding Inc. . We authorize Mega Capital Funding to make such investigation of our financial condition and the representations contained in the application. We understand that this application shall remain the confidential property of Mega Capital Funding Inc. for all purposes. We agree to notify you immediately of any adverse change affecting the company. By this application we authorize Mega Capital Funding Inc. to file a financing statement describing the collateral which will be subject to a security interest in favor of Mega Capital Funding Inc. if it approves the request.

The Federal Equal Credit Opportunity Act requires that all creditors, including Banks, Savings and Loans, small loan companies, retail stores and others, make credit equally available to all credit worthy customers without regard to sex, marital status, race, color, religion, national origin, age, the fact that all or part of the applicants income is derived from a public assistance program, or the fact that this applicant has in good faith exercised any right under the Consumer Credit Protection Act or applicable state law.

Authorized Guarantor		Titel	
Signature_____		Date	
Authorized Guarantor		Title	
Signature_____		Date	

APPRAISAL MANAGEMENT COMPANIES

Correspondent is allowed to choose the Appraisal Management Companies (AMC) they work with as long as the AMC(s) meet Appraisal Independence Requirements (AIR) set forth by Fannie Mae. Please list the AMC's below, that you would like to work.

AMC Name: _____

Address: _____

City: _____ State: _____ Zip: _____

Contact: _____ Phone: _____

AMC Name: _____

Address: _____

City: _____ State: _____ Zip: _____

Contact: _____ Phone: _____

AMC Name: _____

Address: _____

City: _____ State: _____ Zip: _____

Contact: _____ Phone: _____

CORRESPONDENT LOAN PURCHASE AGREEMENT

THIS AGREEMENT (the "Agreement") is made and entered into as of the _____ day of _____, 20____, by and between **MEGA CAPITAL FUNDING, INC.** (hereinafter referred to as "MCFI") and _____ (hereinafter referred to as "Correspondent").

RECITALS

MCFI and **Correspondent** have agreed to enter into an arrangement in which **Correspondent** solicits prospective borrowers for residential mortgage loans and **MCFI** underwrites and, upon approval of the final loan application and related complete loan package, therefore in its sole discretion, agrees to purchase such loans at a later date, with the intention of selling such loans to investors or in the secondary market. The purpose of this Agreement is to define the duties, responsibilities and consideration of each party hereto in this arrangement.

NOW, THEREFORE, in consideration of the premises and the mutual promises set forth herein, **MCFI** and **Correspondent** agree as follows:

1 ORIGINATION AND PURCHASE OF MORTGAGE LOANS

1.1 Correspondent may submit applications and related loan packages for mortgage loans to **MCFI** and **MCFI**, upon receipt thereof, may, in its sole discretion, underwrite and approve such applications and related complete loan packages. **Correspondent** warrants that each such mortgage loan approved and purchased by **MCFI** shall conform in all respects to all the terms, conditions, representations, warranties and covenants contained in this Agreement. Nothing in this Agreement shall be construed as obligating **MCFI** to accept or approve any such application, loan package or mortgage loan. In the event a mortgage loan is approved and accepted by **MCFI** and closed in the name of **Correspondent**, **Correspondent** shall assign, transfer, convey and deliver the mortgage loan to **MCFI** (including all servicing rights relating thereto), and endorse the related promissory note, in accordance with **MCFI**' policies and procedures. Such endorsement and assignment shall be without recourse as to payment but subject to the representations and warranties of **Correspondent** contained in this Agreement. Simultaneously with the assignment thereof to **MCFI**, **MCFI** shall make payment of the purchase price for such mortgage loan to **Correspondent**, such purchase price to be determined in accordance with **MCFI**' compensation arrangements for mortgage loans as then in effect.

1.2 From time to time during the term of this Agreement, **MCFI** shall determine and make known to **Correspondent** its eligibility criteria, submission procedures and compensation arrangements for mortgage loans based on factors such as type of loan, loan limits, loan-to-value ratios, interest rates, points and fees, payment features, documentation requirements, and credit standards. These eligibility criteria, submission procedures and compensation arrangements are subject to change by **MCFI** from time to time upon notice to **Correspondent**.

1.3 MCFI shall have sole discretion in underwriting each mortgage loan submitted hereunder, and if approved by **MCFI**, the closing thereof shall be in accordance with **MCFI**' policies and procedures. **Correspondent** and **MCFI** expressly agree and acknowledge that **Correspondent** shall have no right, power or authority, express or implied, to approve a loan application, orally or in writing, on behalf of **MCFI** or to issue to prospective mortgagors any type of binding commitment to loan funds on behalf of **MCFI**.

2 REPRESENTATIONS, WARRANTIES, COVENANTS, RESPONSIBILITIES AND OBLIGATIONS OF CORRESPONDENT

As an inducement to **MCFI** to enter into this Agreement and to purchase loans hereunder, **Correspondent** makes the general and specific representations and warranties to **MCFI**, and its successors and assigns, set forth in this Agreement, including those set forth below in this Section 2, and agrees to perform fully the covenants, responsibilities and obligations set forth herein and therein. All representations and warranties of **Correspondent** shall be deemed made as of the date hereof and as of the date on which **MCFI** purchases any mortgage loan hereunder.

2.1 Correspondent is a financial institution and an independent contractor, and **Correspondent** shall not make any representations in any manner that **Correspondent** is the agent, servant, employee, representative, partner or co-venture of **MCFI**. **Correspondent** shall have no authority to

solicit, bind or commit **MCFI** to any contract or transaction, whether for placement of a loan or for any other purpose, and **Correspondent** shall not represent in any manner to anyone that **Correspondent** has any such authority.

2.2 Correspondent is a Corporation, LLC, or Partnership. **Correspondent** represents and warrants to **MCFI** that it is validly existing and in good standing under the laws of the State in which its entity is created and that it is duly qualified in each State wherein such qualification is necessary. At the time of the execution of this Agreement, **Correspondent** agrees to provide a corporate resolution or similar document appropriate for its entity type, indicating that the individual(s) executing this Agreement are fully authorized by its Board of Directors to execute and deliver this Agreement on behalf of **Correspondent** and designating the individuals who are authorized to bind **Correspondent** for all mortgage loans to be purchased by **MCFI** hereunder.

2.3 Correspondent represents and warrants that **Correspondent** is duly qualified and licensed by all City, State and Federal regulatory authorities to perform any and all services, agreements and obligations hereunder and will, during the term hereof, maintain such qualifications and licenses. During the term of this Agreement, **Correspondent** will renew all licenses required hereunder prior to their expiration, and it will fully comply with all applicable laws, ordinances and regulations. **Correspondent** will immediately notify **MCFI** if any license is not renewed or is suspended or canceled for any reason.

2.4 Correspondent agrees to obtain descriptions from **MCFI** of **MCFI**' available loan programs, and to accurately explain such programs to prospective borrowers. **Correspondent** shall explain to prospective borrowers only the specific and available loan programs at current interest rates provided by **MCFI**. Based on proposed transactions, all federal and state disclosures in compliance with federal, state, program, agency and local law.

All fees will be properly disclosed to the Correspondent's borrower in compliance with federal, state, program all acts, regulations and local law.

2.5 Correspondent warrants that all loan applications and related loan packages submitted by **Correspondent** to **MCFI** hereunder will have been fully investigated by **Correspondent**, all material representations contained in such applications will have been investigated or ascertained by **Correspondent** in accordance with prudent underwriting practices, and will be true and correct to the best of **Correspondent's** knowledge, information and belief; that all documents submitted or to be submitted to **MCFI** are genuine; that all representations with respect to the loans are true and correct and meet the requirements and specifications of this Agreement, and the prevailing market standards; and that **Correspondent** shall obtain accurate and reliable credit reports from credit reporting agencies and real estate appraisals by appraisers that are approved by **MCFI**. All costs and expenses incurred by **Correspondent** including real estate appraisals, credit reports and any other costs and expenses shall be borne by the Correspondent and or the borrower, and not to **MCFI**.

2.6 Correspondent agrees to make prompt, timely, full, accurate and truthful disclosures to **MCFI** of all facts, information and documentation of which **Correspondent** may know, suspect or have actual or constructive notice that could or has affected the validity, collectability, security and/or enforceability of any loans to be purchased by **MCFI**, including all facts, information and documentation relating to any disputes, proceedings, litigation or governmental action threatened, anticipated, or pending, respecting the borrowers, the subject real property, or the loan transactions, as well as all facts, information and documentation relating to the borrowers, their creditworthiness or the value or condition of the related properties. Any alteration, deterioration, waste or destruction (complete or partial) or other damage or injury to the related property which affects its value or condition, or otherwise affects or impairs any security to be granted to **MCFI** or its assignees or successors, upon purchase of a loan, and any appraisal covering the related property which determines a property value lower than that previously disclosed to **MCFI**, or which discloses any other fact or information material to the related property or to the proposed mortgage or which has not theretofore been disclosed to **MCFI**, shall be disclosed by **Correspondent** to **MCFI** immediately upon **Correspondent's** first ascertaining such facts or information, and, in any event, not later than **Correspondent** should, exercising reasonable diligence, first have become aware of such facts or information.

2.7 Correspondent warrants and represents that (a) the execution and delivery of this Agreement by **Correspondent**, and the obligations which it will perform hereunder, do not, and will not, violate any provision of any contract, law, rule, regulation, order, writ, judgment, injunction, decree, determination or award having applicability to **Correspondent** or the Articles of Incorporation, Bylaws or other organizational documents of **Correspondent**, nor with notice or passage of time or both, would constitute such violation; and (b) there are, to **Correspondent's** knowledge, no actions, suits or proceedings pending or threatened against or affecting **Correspondent** or the properties of **Correspondent** before any court or governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, which, if determined adversely to **Correspondent**, would have a material adverse effect on the financial condition, properties or operations of **Correspondent**.

2.8 Correspondent represents and warrants that it shall be the owner of each mortgage loan at the time of its sale and assignment to **MCFI**, and no prior sale, pledge, assignment or hypothecation of any such mortgage loan, or any portion thereof, has been made to any other person or entity, except for those being released at the time of sale. **Correspondent** further warrants that all notes, assignments, agreements, documents and other instruments purporting to be executed by an officer, employee, representative or agent of the **Correspondent** are and shall be genuine, authorized, valid and binding, and shall constitute valid, binding and enforceable obligations of **Correspondent**.

2.9 Correspondent covenants that it will not act outside the scope of its authority hereunder and will not hold itself out to prospective mortgagors as having the authority to approve loan applications or to issue loan commitments on behalf of **MCFI**.

3 RIGHTS AND RESPONSIBILITIES OF MCFI

3.1 MCFI, in its sole and absolute discretion, may elect to accept or reject any application, loan package or mortgage loan submitted to it by **Correspondent** under this Agreement. All approvals and denials will be in written form established by **MCFI**. In no event will **MCFI** be deemed to have approved any loan application until receipt by **Correspondent** of such written approval.

3.2 The relationship between **MCFI** and **Correspondent**, as provided under this Agreement, is nonexclusive, and **MCFI** intends to enter into, and shall not be restricted by this Agreement from entering into, other arrangements with other correspondents from time to time in the sole discretion of **MCFI** and without notice to **Correspondent**, whether or not similar to the arrangements set forth in this Agreement. **Correspondent** is also free to enter into mortgage loan arrangements with other lenders from time to time, without notice to **MCFI**.

3.3 With its execution of this Agreement, **Correspondent** hereby grants permission to **MCFI** to verify any information regarding any loan package or documents subject to this Agreement.

3.4 Correspondent shall provide all documentation, facts, information and other assistance as may be required or otherwise requested by **MCFI**, relating to the origination, application, processing, funding and closing of any loans submitted by **Correspondent** to **MCFI**.

4 LOAN REVIEW

4.1 Correspondent acknowledges that in the course of its business **MCFI** may conduct quality control audits to re-verify or assure **MCFI** of the accuracy of the information submitted to it by **Correspondent** and prospective borrowers. No such audits shall relieve **Correspondent** of any duty or obligation hereunder, nor shall such audits or the information obtained by **MCFI** as a result thereof relieve **Correspondent** of its obligations hereunder or constitute a waiver of any claim by **MCFI** arising from the inaccuracy of any warranties or representations of **Correspondent** hereunder.

5 LOAN RATES AND FEES

5.1 All loan rates and fees quoted by **MCFI** to **Correspondent** will be in a form and by a method established by **MCFI** from time to time. No rate quotes or "rate-locks" will be binding upon **MCFI** unless agreed to in writing by a designated authorized employee of **MCFI**.

5.2 Except for the payment to satisfy an existing loan secured by a lien on the related property, the loan proceeds are not be paid, in whole or in part, to a seller who (1) pays any compensation to or receives any compensation from **Correspondent**, (2) is related by common ownership or control to **Correspondent**, or (3) shares its profits or losses with **Correspondent**. The term "**Correspondent**" in this Agreement includes **Correspondent's** affiliates, partners, directors, officers, employees and agents. **Correspondent's** requests must be in writing, and any change to an original request submitted is the responsibility of

Correspondent. Nothing in this provision is intended to preclude an employee of Correspondent, or any affiliated company, from obtaining a loan under the **MCFI** program.

6.3 No loan application will be submitted that has been referred or brokered to **Correspondent** by another correspondent who will receive any compensation from **Correspondent**, directly or indirectly, unless disclosed in writing to **MCFI** with the application and approved by **MCFI**.

6 COMPLIANCE

6.1 In general, the procedures, eligibility requirements, loan application and related forms and all other aspects of processing loans will be those required by the Federal National Mortgage Association, Federal Home Loan Mortgage Corporation and Federal Housing Administration, however, **MCFI** may insist upon the use of alternative or additional forms and procedures. All applicable State and Federal laws and regulations will be observed, as they relate to **Correspondent's** activities undertaken in connection with this Agreement, and all necessary disclosures required by those laws and regulations shall be made by **Correspondent** including, but not limited to, the Truth-In-Lending Act (including right of rescission requirements), the Real Estate Settlement Procedures Act, the Fair Housing Act, the Fair Credit Reporting Act, the Home Mortgage Disclosure Act, the Equal Credit Opportunity Act, and the Truth and Lending Real Estate Procedures Act Integrated Disclosure rule (TRID). **Correspondent's** compliance and disclosure obligations under these laws and regulations shall be limited to those that arise from **Correspondent's** activities undertaken hereunder. **MCFI** shall be responsible for providing other disclosures required by applicable law. Provided, however, that in the event that **MCFI** is providing Processing Services pursuant to Section 4 of this Agreement, **MCFI** shall be responsible for the compliance with all laws and regulations applicable to the Processing Services.

7 COMPLIANCE REQUIREMENTS WITH THE MORTGAGE ELECTRONIC REGISTRATION SYSTEM

7.1 **Correspondent** is responsible for becoming a subscriber with MERS®. Correspondent must comply with MERS Quality Assurance procedures.

7.2 All loans purchased by **MCFI** will be transferred to us in the MERS® system in a timely manner.

7.3 If MERS® performs an audit of correspondent's information in their system, they are responsible for a) correcting all defects identified by MERS®, b) notifying **MCFI** if any of the loans sold to us have incorrect data issues, which are required to be corrected in a timely manner.

8 COMPLIANCE WITH CONSUMER FINANCIAL PROTECTION BUREAU (CFPB), Federal Trade Commission (FTC) and Financial Crime Enforcement Network (FinCEN)

8.1 **Correspondent** is responsible for complying with all federal agencies and regulations. CFPB requires that all companies involved with non-public borrower information, maintain internal policy and procedure guidelines for its staff, how to manage credentials, train staff, compliance with UDAAP, ECOA, Regulation Z, Regulation B and Regulation X. **Correspondent** is responsible for maintaining an internal policy and procedure manual in compliance with CFPB.

8.2 **Correspondent** is required to maintain identity theft and anti-money-laundering policies and procedures known as FinCEN and maintain a training program for its staff in identifying Red Flags listed on the Bank Secrecy Act Site (BSA). If Correspondent identifies a loan with money laundering or identity theft issues, they are responsible for posting their findings on the SAR System Reporting, and notifying **MCFI** if the loan was purchased by **MCFI**.

9 CORRESPONDENT'S REPURCHASE AND INDEMNIFICATION OBLIGATIONS

9.1 In the event a representation or warranty by Correspondent relating to a mortgage loan purchased by **MCFI** is determined by **MCFI** to have been inaccurate as of the date made, **Correspondent** agrees to repurchase such mortgage loan, should **MCFI** or the

then holder of the mortgage loan so request, at a repurchase price payable in cash equal to the following (exclusive of any advances made by the servicer thereof): (i) the then unpaid principal balance of the mortgage loan, (ii) all accrued but unpaid interest on the mortgage loan at its note rate, (iii) any fee or other amount, if any, in excess of par previously paid by **MCFI** to **Correspondent** relating to such mortgage loan, and (iv) all expenses, including reasonable legal fees, incurred by **MCFI** or such holder relating to such repurchase, including enforcing **Correspondent's** obligation to repurchase. Upon payment of such repurchase price, **MCFI** shall endorse and assign without any recourse or warranty whatsoever, or shall cause the holder thereof to so endorse and assign, the promissory note and mortgage to **Correspondent**.

9.2 Correspondent herewith agrees to indemnify and hold **MCFI**, and its related corporations, officers, directors, shareholders, employees and agents harmless from any and all loss, injury, damage, expense and/or liability to any and all persons resulting, or claimed to have resulted, from any breach of **Correspondent's** covenants, responsibilities, representations or warranties under this Agreement, or otherwise arising from or relating to any acts or omissions, whether willful, negligent or otherwise, of **Correspondent** or its employees or agents. Such indemnification shall include, but not be limited to, interest, reasonable attorneys' fees by counsel of **MCFI** and/or such other person's choice, appraisers' costs, investigators' fees, experts' fees and such other costs and disbursements as may be incurred by **MCFI** and such other persons in connection with such matters subject to indemnification by **Correspondent**, as well as any damages however assessed.

9.3 Correspondent's obligations under this Section 8 shall survive the termination of this Agreement for any reason.

10 EARLY PAYOFF/PREMIUM RECAPTURE

10.1 For all loans originated by **Correspondent**, in the case where **MCFI** pays **Correspondent** a premium on a mortgage loan, or where loan transaction is Borrower Paid, and or **MCFI** income is generated upon sale of loan to third party investors (investor premium), and said loan debt is paid off within 180 days from the date of funding, **Correspondent** shall, upon demand, refund to **MCFI** the entire premium paid by **MCFI** to **Correspondent**, and or reimburse **MCFI** for loss of investor premium. If any mortgage loan, becomes delinquent on any of the first seven (4) scheduled monthly payments due from the borrower, and the Loan becomes sixty (60) days or more delinquent, **Correspondent** shall refund **MCFI** the lender credit paid to **Correspondent**, and or any loss of premiums **MCFI** incurs with respect to that mortgage loan, plus indemnification fee and costs.

11 RIGHT OF SETOFF

11.1 Any money owed to **Correspondent** by **MCFI** may, at the sole discretion of **MCFI**, be used by **MCFI** to setoff any monetary obligation, however arising, from **Correspondent** to **MCFI**. To that end, **Correspondent** grants to **MCFI** a contractual possessory security interest in and to all monies as may from time to time be in the possession of **MCFI** and owed by **MCFI** to **Correspondent**. This right of setoff may be exercised without prior demand or notice and to the fullest extent permitted by applicable law. Unless agreed to by **MCFI** in writing, no setoff exercised by **MCFI** shall be deemed or construed as an accord and satisfaction.

12 NON-WAIVER

12.1 No act or failure to act in the exercise of any remedy by either party hereto shall be deemed or construed as a waiver of any breach of this Agreement or right to damages or to any other remedy for any subsequent matter.

13 RELATIONSHIP OF THE PARTIES

13.1 It is agreed that **Correspondent** and **MCFI** are not partners or joint venturers, but shall have the status of and act in all matters hereunder as independent contractors as set forth more specifically in Section 1 above. **Correspondent** is not an agent or partner of **MCFI**, has no authority, and is intended to have no power, to create, extinguish or modify any right, obligation or liability of **MCFI** to any person whatsoever.

13.2 The parties agree that **MCFI's** agreements hereunder with **Correspondent** are solely with and shall be construed solely to apply to **Correspondent**. All discussions and representations by **Correspondent** to prospective borrowers shall not be binding upon **MCFI**. No authority is granted to **Correspondent** under the terms of this Agreement to make any representation to such prospective borrowers other than as expressly permitted by this Agreement.

14 CONFIDENTIALITY

14.1 Each party agrees it will not use for its own benefit, and will not disclose to any person or entity other than its auditors, attorneys and governmental or regulatory authorities exercising supervision over it (unless compelled to do so by a validly issued subpoena or other judicial or administrative order, and then only with prior notice to **MCFI**), confidential information relating to the other party which it may acquire during the term of this Agreement. The obligations of each party under this Section 12 shall survive the termination of this Agreement for any reason.

15 TERM AND TERMINATION

15.1 This Agreement shall be in effect for a minimum one year term commencing as of the date of this Agreement and is subject to automatic one year renewal unless **MCFI** receives sixty (60) days prior written notice by the **Correspondent** that **Correspondent** elects to terminate this Agreement. **MCFI** may terminate this Agreement upon sixty (60) days prior written notice by **MCFI** to **Correspondent** that **MCFI** elects to terminate this Agreement. Such notice shall be given in the manner set forth in Section 14.4 and shall be effective as set forth therein. This Agreement shall terminate promptly upon the expiration of the sixty (60) day notice period, and may be terminated in such manner without cause and without necessity for the stating of cause. The representations, warranties and obligations of **Correspondent** and **MCFI** set forth herein shall survive the termination of this Agreement for any reason and the obligations of **Correspondent** with respect to all loans submitted or in process under this Agreement prior to the termination of this Agreement shall also survive such termination for any reason.

16 MISCELLANEOUS

16.1 This Agreement supersedes and is in lieu of all prior contracts, discussions, agreements and arrangements by and between the parties hereto with respect to the subject matter hereof, all of which are merged into it. This Agreement cannot be assigned or otherwise transferred, in whole or in part, by operation of law or otherwise, by **Correspondent** without the express prior written consent of **MCFI**.

16.2 This Agreement is binding upon and shall inure to the benefit of the successors and assigns of the parties hereto subject to the aforesaid limitation on **Correspondent's** right to transfer, assign or interpose other parties. Not by way of limitation or exclusion, the representations and warranties of **Correspondent** and its indemnification, repurchase and other obligations shall inure to the benefit of persons to whom **MCFI** may sell the loans purchased by it under this Agreement and such persons may assert the rights of **MCFI** hereunder directly against **Correspondent**.

16.3 This Agreement shall be governed by and construed in accordance with the laws of the State of California, without regard to its choice of law principles. Each party consents to the personal jurisdiction of any State or Federal Court in the City of Los Angeles, State of California. If any litigation is commenced between the parties or related to the parties to this Agreement concerning this Agreement, or the rights and duties of either party in relation thereto, the party prevailing in such litigation shall be entitled, in addition to such other relief as may be granted, to a reasonable sum as and for its attorney's fees in such litigation or in a separate action brought for that purpose.

16.4 Any and all notices or other communications required or permitted by this Agreement or by law to be served on or given to either party hereto by the other party to this Agreement shall be in writing and shall be deemed duly served or given when personally delivered to the other party, when transmitted by facsimile and confirmed within 24 hours by telephone, when delivered by a nationally recognized overnight delivery service (such as Federal Express), or two days after deposited in the United States Mail, first-class postage prepaid, certified return receipt requested, addressed as follows (or to such other address as either party may hereafter designate): to **MCFI** at 5000 N. Parkway Calabasas, Suite 100, Calabasas, California 91302, Fax: (818) 657-2622; telephone confirmation at (818) 657-2600; to **Correspondent** as indicated after its signature below.

16.5 This Agreement shall only be amended in writing entered into and executed by the parties.

16.6 If any portion of this Agreement shall be determined pursuant to a final and non-appealable judgment by a court of competent jurisdiction to be invalid or unenforceable, the remainder of this Agreement shall remain in full force and effect without regard to such invalid or unenforceable portion.

16.7 Correspondent warrants that the information provided by **Correspondent** to **MCFI** on the Correspondent application submitted in connection herewith is true, accurate and complete. **Correspondent** understands that **MCFI** has relied on the application in deciding to enter into this Agreement. **Correspondent** shall immediately advise **MCFI** if any of the information in any application has become inaccurate to the detriment of **Correspondent's** financial position or ability to discharge its obligations under this Agreement.

16.8 This Agreement, which includes the correspondent application submitted by **Correspondent** in connection herewith, represents the final agreement between the parties and may not be contradicted by evidence of prior, contemporaneous, or subsequent oral agreements of the parties. There are no unwritten oral agreements between the parties. However, this agreement can be amended from time to time, by **MCFI, at a future date(s)**, by issuing to Correspondent, in writing, a formal Amendment, which can modify or add to this existing agreement, and will define what changes or additions to this original agreement are being made, and will supersede any prior stipulations within this agreement. Correspondent will be required to sign said Addendum(s), as requested by MCFI, in order to maintain this agreement.

WHEREOF, the parties have executed this Agreement on the respective dates set below the signature of each to be effective as of the day, month, and year first above written.

CORRESPONDENT	MCFI
Signature	Signature
Name	Name
Title _____	Title _____
Date: _____	Date: _____
Address: _____	Address: _____
Email Address _____	Email Address _____

