
Non-Delegated Correspondent & Broker Application Checklist

Company Name: _____ 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

Non-Delegated Correspondent Checklist:

- 1. Completed Non-Delegated Correspondent & Broker Application Checklist
- 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

Broker Specific Application Checklist:

- 1. Mortgage Broker Agreement with addendum (executed)
- 2. Broker Compensation Policy
- 3. Lender Paid Compensation Agreement
- 4. Loan Fraud "Zero Tolerance" Statement

Non-Delegated Correspondent & Broker 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		Title	
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 will be in compliance with all federal, state and local laws and regulations and comply with all agency and program requirements. All fees will be properly disclosed to the Correspondent's borrower in compliance with all federal, state and local laws and regulations along with program requirements.

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 to 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.

5.3 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 In Lending and 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 Band 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. Correspondent is responsible for notifying **MCFI** of any issues on the loan file including any suspicious activity that would impact the investment quality of the loan file.

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 9 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 four (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 14 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 16.4 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 26637 Agoura Road, Ste 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 _____

Request for Taxpayer Identification Number and Certification

**Give Form to the
 requester. Do not
 send to the IRS.**

Print or type See Specific Instructions on page 2.	1 Name (as shown on your income tax return). Name is required on this line; do not leave this line blank.	
	2 Business name/disregarded entity name, if different from above	
	3 Check appropriate box for federal tax classification; check only one of the following seven boxes: <input type="checkbox"/> Individual/sole proprietor or single-member LLC <input type="checkbox"/> C Corporation <input type="checkbox"/> S Corporation <input type="checkbox"/> Partnership <input type="checkbox"/> Trust/estate <input type="checkbox"/> Limited liability company. Enter the tax classification (C=C corporation, S=S corporation, P=partnership) ▶ _____ Note. For a single-member LLC that is disregarded, do not check LLC; check the appropriate box in the line above for the tax classification of the single-member owner. <input type="checkbox"/> Other (see instructions) ▶ _____	
	4 Exemptions (codes apply only to certain entities, not individuals; see instructions on page 3): Exempt payee code (if any) _____ Exemption from FATCA reporting code (if any) _____ <i>(Applies to accounts maintained outside the U.S.)</i>	
	5 Address (number, street, and apt. or suite no.)	Requester's name and address (optional)
	6 City, state, and ZIP code	
	7 List account number(s) here (optional)	

Part I Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. The TIN provided must match the name given on line 1 to avoid backup withholding. For individuals, this is generally your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the Part I instructions on page 3. For other entities, it is your employer identification number (EIN). If you do not have a number, see *How to get a TIN* on page 3.

Social security number									
-				-					
or									
Employer identification number									
-									

Note. If the account is in more than one name, see the instructions for line 1 and the chart on page 4 for guidelines on whose number to enter.

Part II Certification

Under penalties of perjury, I certify that:

1. The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me); and
2. I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding; and
3. I am a U.S. citizen or other U.S. person (defined below); and
4. The FATCA code(s) entered on this form (if any) indicating that I am exempt from FATCA reporting is correct.

Certification instructions. You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the certification, but you must provide your correct TIN. See the instructions on page 3.

Sign Here	Signature of U.S. person ▶	Date ▶
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General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

Future developments. Information about developments affecting Form W-9 (such as legislation enacted after we release it) is at www.irs.gov/fw9.

Purpose of Form

An individual or entity (Form W-9 requester) who is required to file an information return with the IRS must obtain your correct taxpayer identification number (TIN) which may be your social security number (SSN), individual taxpayer identification number (ITIN), adoption taxpayer identification number (ATIN), or employer identification number (EIN), to report on an information return the amount paid to you, or other amount reportable on an information return. Examples of information returns include, but are not limited to, the following:

- Form 1099-INT (interest earned or paid)
- Form 1099-DIV (dividends, including those from stocks or mutual funds)
- Form 1099-MISC (various types of income, prizes, awards, or gross proceeds)
- Form 1099-B (stock or mutual fund sales and certain other transactions by brokers)
- Form 1099-S (proceeds from real estate transactions)
- Form 1099-K (merchant card and third party network transactions)

- Form 1098 (home mortgage interest), 1098-E (student loan interest), 1098-T (tuition)
- Form 1099-C (canceled debt)
- Form 1099-A (acquisition or abandonment of secured property)

Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN.

If you do not return Form W-9 to the requester with a TIN, you might be subject to backup withholding. See What is backup withholding? on page 2.

By signing the filled-out form, you:

1. Certify that the TIN you are giving is correct (or you are waiting for a number to be issued),
2. Certify that you are not subject to backup withholding, or
3. Claim exemption from backup withholding if you are a U.S. exempt payee. If applicable, you are also certifying that as a U.S. person, your allocable share of any partnership income from a U.S. trade or business is not subject to the withholding tax on foreign partners' share of effectively connected income, and
4. Certify that FATCA code(s) entered on this form (if any) indicating that you are exempt from the FATCA reporting, is correct. See *What is FATCA reporting?* on page 2 for further information.

Mortgage Broker Agreement

This Mortgage Broker Agreement (hereinafter referred to as “Agreement”) is entered into this _____ day of _____, 20_____, by and between Mega Capital Funding, Inc. (hereinafter collectively referred to as “Lender”) and _____ (hereinafter referred to as “Broker”).

Recitals

- A. Broker is engaged in the activity of originating residential mortgage loans evidenced by notes secured by mortgages on real property for mortgage lenders; and
- B. Lender is engaged in the activity of, among other things, accepting brokered loans; and
- C. Lender and Broker desire to enter into this agreement to govern the brokering of loans by Broker to Lender; and
- D. Lender and Broker wish to establish a nonexclusive relationship whereby Broker will submit loan packages (“Loans”) to Lender on behalf of Broker clients (“Borrowers”) for possible funding.

Now therefore, in consideration of the mutual covenants and benefits herein set forth, the parties hereto, intending to be legally bound, agree as follows:

Agreement

1. **Nonexclusive Agreement:** Nothing contained herein shall obligate Broker to submit all Loan funding requests that it brokers to Lender, in being understood that this shall be a nonexclusive agreement. Nothing contained herein shall obligate Lender to fund Loans submitted by Broker without Lender’s prior review and approval at Lender’s sole discretion.
2. **Relationship of Parties:** It is agreed that Broker and Lender are not partners nor participating in a joint venture and that Broker is acting as an agent for Lender in originating and brokering of Loans to Lender, but shall have the status of and shall act in all matters hereunder as an independent contractor. Nothing herein shall be construed to give Broker any authority to contract for or on behalf of Lender for any goods or services or impose any liability of any kind or nature upon Lender
3. **General Broker Responsibility:** Broker will at Broker’s sole expense perform those services referenced in section 11.9 below in consideration for such fees as set forth in Exhibit “A” which is incorporated herein by reference. Such fees may be paid in whole or in part by Borrower and/or by Lender, provided, that no fees shall be payable to Broker which have not been fully disclosed to, and approved by, both Lender and Borrower. The contents of all Loan package and other information submitted to Lender (“Application Package”) shall become the property of Lender upon Loan closing, and all information contained therein may be subject to Lender’s independent verification. No fee shall be owed to Broker on account of any proposed Loan which is not funded and closed, and Lender shall have no obligation under this Agreement to Broker if a Loan fails to close and fund, for whatever reason except that Lender will fund any loans submitted to Lender by Broker, which conform within its reasonable discretion with its lending criteria, policies and guidelines then in effect and which may change from time to time (“Lending Criteria”).
4. **Loan Approval:** Lender hereby retains the absolute right, in its sole discretion to approve a Loan. Approval shall be within Lender’s Lending Criteria. Broker shall not represent that lender has approved or will approve any loan until broker is so informed by Lender in writing. All loans shall close in Lender’s name (except as otherwise agreed upon by both parties in writing).
5. **Underwriting of Loan:** The decision to approve and/or fund any loan application package shall be in the sole discretion of Lender in accordance with its then prevailing underwriting standards and requirements existing at the time of underwriting the complete Loan or as may be modified from time to time. Broker understands and agrees that under no circumstances shall Lender be responsible to pay for any third-party service(s) commissioned by or on behalf of Broker or to reimburse Broker for such service(s). Nothing in this Agreement shall constitute nor create any liability on the part of Lender to pay, nor reimburse, Broker for any cost(s) of doing business such as, and without limitation, commissions, salaries, utilities, rent nor any other expense associated with Broker’s business activities.

6. **Notifications of Actions:** Lender shall notify Broker in writing or by telephone at the sole discretion of lender of the approval or rejection of each completed Loan package. For each Loan accepted by Lender, Lender would generally be able to fund such Loan after approval, provided that all written conditions are satisfied, and all documentation as required by Lender accompanies the Loan package including but not limited to the following:
 - a. Properly completed and executed Deed of Trust.
 - b. The Borrower's Note properly completed and executed.
 - c. All required property and casualty insurance policies naming Lender as Loss Payee.
 - d. All required copies of disclosure documents.
7. **Fees Due to Broker:** Any fee, commission, or other consideration payable to Broker with respect to any Loan shall be paid only after Lender deducts from loan proceeds all Lender's fees and charges. No fee shall be owed to Broker on account of any proposed Loan which is not funded and closed.
8. **Failure to furnish a Complete Loan Package:** If Broker fails to furnish to Lender any documentation requested or desired by Lender with respect to any Loan, Lender shall have the option, at its sole and absolute discretion, to
 - (i) Commit to make the Loan based on the documentation provided,
 - (ii) commit to make the Loan subject to delivery by Borrower or Broker to Lender of such documentation as Lender specified in writing at the time such commitment is made, or
 - (iii) reject the loan.
9. **Use of Acceptable Vendors:** Lender will not acknowledge any real estate appraiser, credit reporting agency or other vendor in connection with the preparation or submission of any Loan package that is not acceptable to Lender. In the event that Broker should submit a Loan package including information or reports from a person or entity not deemed acceptable by Lender, Lender may reject or accept the Loan package in accordance with Section 8 above.
10. **Authorization to obtain business Credit Report:** Broker authorizes Lender to obtain a business credit report on Broker upon mutual execution of this Agreement and from time to time thereafter as deemed necessary or appropriate by Lender. Broker acknowledges and agrees that during its business lender conducts quality control audits of Loan packages. Lender shall have the right to review the files of Broker related to Loan packages submitted to Lender during Broker's normal business hours.
11. **Broker's Warranties:** Broker represents and warrants to Lender, as of (i) the time any loan package is submitted to Lender, and (ii) as of the time the Loan is funded and closed, through the life of the Loan, that:
 - 11.1 **Authority and Capacity:** Broker is a duly organized and validly existing entity in good standing under applicable laws of the state of California and/or in such state or other states in which it is engaged in the business of brokering or originating mortgage loans, and that it has the requisite authority and capacity to enter into this Agreement and this Agreement has been duly authorized, executed and delivered by Broker and constitutes a valid and binding obligation of Broker, enforceable in accordance with its terms. Broker's compliance with the terms and conditions of this Agreement will not violate any provisions of its charter documents, any instrument relating to the conduct of its business, or any other agreement, law or regulation to which it may be a party or under which it may be governed.
 - 11.2 **No Untrue Statement:** None of the statements or information contained in any document submitted with or included as part of an application package, or in any document reviewed in connection with lender's underwriting decision, contains or will contain any misleading, false or erroneous statements, or omit facts necessary to make such statements or information accurate and understandable in every respect, to the best of the broker's knowledge.
 - 11.3 **Absence of Claims:** There is no pending or threatened suit, action, arbitration, or legal, administrative or other proceeding or investigation (including an allegation of fraud by another lender) against broker or its current or former owners, agents, or employees which could have a materially adverse effect on the broker's business, assets, financial condition, or reputation, or upon any Loan submitted for funding by Lender.
 - 11.4 **Control of Documents:** No Borrower shall have had in its direct or indirect possession or control any credit, income, or deposit verification document submitted to Lender with respect to any Loan.
 - 11.5 **Duly Licensed:** Broker must possess all necessary licenses, permits, and authority to engage in the activities contemplated by the Agreement. When applicable, Broker's license number and its expiration date will be.

requested by Lender to ensure that the holder of one or more valid brokerage or other applicable licenses(s) bearing number(s) issued by the State(s) of which the Broker shall maintain in good standing and is in compliance with any applicable laws throughout the term of this Agreement.

- 11.6 **Ownership:** Broker has no direct or indirect ownerships interest in any property acting as security for the Loan.
- 11.7 **Compliance with Laws:** The Broker and each other person involved in the Loan transaction has complied and will comply with all applicable state and federal laws and regulations, with respect to the Loans and the activities of Broker. The Broker and each other person involved in the Loan transaction is in full compliance in all respects with all rules and regulations of all real estate and mortgage lending regulatory and supervisory agencies as are applicable to Broker and such person(s), including but not limited to, provisions of Dodd-Frank, ECOA and Regulation B, the MAP Act, the GLBA and Regulation P, RESPA and Regulation X, TILA, Regulation Z, and as of October 3, 2015, the TILA/RESPA Integrated Disclosure Rule (TRID). Broker covenants to maintain all licenses and approvals on a current basis and to keep itself in good standing of any licenses or approvals, or of the taking of any action by any such agency against Broker or such person(s) which could adversely affect the Broker's licenses and approvals.
- 11.8 **Fees paid to Broker:**
- a. All fees or compensation of whatever kind received or to be received by Broker have been disclosed to Lender at the time of delivery of an Application Package to Lender.
 - b. Broker shall accept no fee or compensation of any kind from any source which has not been disclosed to Lender at the time of delivery of the Application Package.
 - c. Broker shall at all times comply with all Lender policies regarding fees and compensation paid to brokers which may from time to time be delivered in writing to Broker.
 - d. The broker will comply with all applicable Loan Origination Compensation laws and regulations, both state and federal, as may then be in effect.
 - e. Broker shall not accept or agree to accept any fee or compensation with regard to any Loan, which is paid by the borrower, the seller of any property (whether by credit, payment or otherwise), any down payment assistance program or from any 3rd party without the written permission of the Lender.
- 11.9 **Services to Borrower:** At all times during the term of this Agreement, with respect to each Borrower whose application has been submitted to Lender, Broker has observed and shall observe and fully discharge the duties owed by mortgage brokers to their clients under applicable law. In addition to having assisted Borrower in the completion of his or her loan application, Broker has fully and satisfactorily performed at least five (5) of the services set forth in Exhibit "A" to this Agreement. All services were performed and in accordance with accepted and customary standards in the mortgage lending industry generally, and Broker are not aware of any dispute or claim by any borrower that all such services were not fully and satisfactorily performed.
- 11.10 **Authority:** That Broker is a (corporation/proprietorship/partnership) duly organized, validly existing and in good standing and is authorized to do business in the State of _____.
This Agreement and all actions provided for herein have been duly authorized by Broker's Board of Directors, if Broker is a corporation, or by such individual or individuals empowered and authorized to enter into agreement on behalf of Broker. Broker shall provide Lender with evidence reasonably satisfactory to lender of such authorization. The performance of the Broker's duties under this Agreement to which it may be party or any court order, judgment or decree to which it may be subject.
- 11.11 **Valid Documents:** To the best of Broker's knowledge and belief all documents submitted by Broker in connection with Loan packages submitted to Lender are in every respect valid and genuine, being that what is on their face is what they purport to be, and all information (credit or otherwise) submitted in connection with such Loan packages is true and accurate;
- 11.12 **Sale of a Loan:** Broker has no knowledge of any circumstances or conditions with respect to any Loan, mortgaged property, mortgage or mortgagor's credit standing that can be reasonable expected to cause any governmental, quasi-governmental or private institutional investors to regard any Loan as an unacceptable investment, cause any Loan to become delinquent, or adversely affect the value or marketability of any Loan.

- 12. Status of Broker:** Nothing in this Agreement shall be construed as the Broker being deemed a joint venture, partner, representative, employee or agent of Lender. Broker shall not hold itself out as such, nor shall it use Lender's name in any advertising. Broker's decision to submit application packages to Lender has been made in consultation with Borrower.
- 13. Broker's Indemnification:** Broker shall indemnify and hold Lender and its Affiliates, shareholders, Director, officer, agents, employees, successor, and assigns harmless from and against, and shall reimburse the same with respect to, any and all loss, damage, demands, claims, liability, costs, and expenses, including reasonable attorney's fee, from any cause whatsoever, incurred by reason of or arising out of or in connection with: (i) any breach of any representation or warranty contained in Section 11 above, (ii) Broker's failure to perform any obligation set forth on the Agreement, or (iii) any claim by a Borrower resulting from Lender's failure or refusal to fund a Loan (collectively, a "Loss"). Without limiting the generality of the foregoing, the Broker's indemnity shall extend to all repurchase demands of any third party to which Lender has sold any Loan. Broker's obligation to indemnify Lender under this agreement shall arise upon (I) Lender's notification of Broker that a Loss has occurred or (ii) automatically upon Lender's receipt of a Loan repurchase demand from a secondary market investor which Lender determines in its sole and absolute discretion to be enforceable, even if Lender has not incurred any Loss with respect to such Loan. Section 13 is defined above and is in support of Section 11 described in this agreement. All items defined in this section are in force, if the broker or associates of the broker knowingly violate any and/or all items in Section 11.
- 14. Lender's Rights:** Broker's obligation to fully indemnify Lender under this Agreement shall not be affected by Lender's taking any of the following actions with or without notice to Broker: (i) liquidation, repayment, retirement, or sale or resale of any Loan; (ii) foreclosure of any Loan, including without limitation Lender's acquisition of the property securing a Loan by making a full credit bid at such foreclosure sale; or (iii) sale or resale of the property securing the Loan.
- 15. Disclosure of Information:** Broker acknowledges and agrees that Lender may report to appropriate state or federal regulatory authorities or law enforcement agencies, instances of Broker making any misstatement in connection with a Loan, or Broker's knowingly aiding a Borrower, or any other party involved in the Loan transaction to do the same. In addition, Broker shall make prompt, timely, full, accurate and truthful disclosures to Lender of all facts, information and documentation which Broker may know, suspect, or have notice of, which could affect or has affected the validity, collectability, collateral value, security, and enforceability of any Loan brokered by Broker for funding, by Lender.
- 16. Repurchase Agreement:** In the event of breach of Section 11 including the subparagraphs hereof, and the Loan in Question in closed and funded by Lender, upon written notice Lender, Broker shall have a thirty (30) day opportunity to cure such breach. If the breach is not within the thirty (30) day period, the Broker agrees to repurchase such loan within ten (10) days of written demand from Lender. Therefore, the repurchase amount is set forth in Section 17 hereof. The Broker agrees that any breach of Section 11 may not be adequately compensable in damage alone. Furthermore, Broker agrees that in the event of any breach of Section 11, Lender shall, without limitation, be entitled to seek and obtain equitable relief by way of specific performance or otherwise to enforce Broker's repurchase obligation hereunder.
- 17. Repurchase Amount:** A repurchase pursuant to Section 14 hereof shall be priced as follows:
- The original principal amount of the Loan, less principal reduction; plus
 - All interest accrued but unpaid on the principal balance of the Loan from the date of funding by lender through and including the date the repurchase is made; plus.
 - All costs and expenses incurred by Lender in connection with the origination, processing and funding of the Loan; plus.
 - All costs and expenses incurred by Lender in enforcing Broker's obligation to repurchase such loan, including, without limitation, reasonable attorney's fees and costs of suit.
- 18. Early payoff/First Payment Defaults:** In the case where a loan is paid off within 180 days from the date of funding, or where the borrower on a Loan fails to make any of the first four monthly payments due on a Loan following the Funding Date, and the Loan becomes sixty (60) days or more delinquent, the Broker shall upon demand by MCF, refund to MCF the equivalent amount of the secondary market premium that MCF is required to forfeit back to the secondary market investor. Furthermore, Breaches of warranty with respect to the mortgage loans funded by the Lender, the Broker is required to repurchase the Mortgage Loans from the Lender in accordance this Agreement as specified in Sections 14 and 15 Mortgage loans that are in 1st payment default, early payment default, or already in the process of being foreclosed or are expected to be foreclosed or liquidated within 180 days from the date of funding, the Broker hereby agrees to indemnify and reimburse in full the Lender on demand (i) the Pricing Rebate that was issued for that Mortgage Loan the Broker (ii) the Repurchase Price and (iii) any and all expenses in connection with the foreclosure and subsequent sale of the related Mortgage Property (the "Foreclosure Expenses") to the extent the amounts obtained in the foreclosure proceedings are insufficient to cover the Repurchase price and foreclosure Expenses. It is understood and agreed that the indemnification obligations of the Broker provided under this Agreement.

The Broker agrees to provide the Lender, in immediately available funds to offset any shortfall amounts the Broker owes to the Lender, as described above. If the Broker fails to remit to the Lender the Advance Amount by the Advance Payment Date, the Broker shall immediately pay the Lender the Repurchase Price, any and all foreclosure expenses for the Mortgage Loan.

Notwithstanding the foregoing, the Lender may at its sole discretion at any time without any notice to the Broker deduct from the offset against future funding under the Mortgage Broker Agreement or otherwise any amounts in addition to the Advanced Amount owed by the Broker to the Lender in connection with any purchase transaction between the Broker and the Lender or the Lender may demand payment in full for an outstanding and unpaid amounts to the Broker. All such amounts, including, but not limited to Advance Amount, are and shall at all times be deemed the sole property of the Lender, and the Broker irrevocably and unconditionally waives, and shall not have, any right, claim or interest whatsoever in such amounts, and the Broker irrevocably and unconditionally discharges, releases, indemnifies and holds harmless the Lender as set forth in Section 12.

The Broker hereby irrevocably and unconditionally agrees the lender, or its designee may, in its sole discretion, take any action to sell or liquidate the Mortgage Loans or the related Mortgaged Property, including without limitation a sale or liquidation in the form of a foreclosure, deed-in-lieu of foreclosure, charge-off, short sale, or scratch and dent sale (each, "Liquidation"). And such action shall be final and conclusively binding upon the Broker in determining the amount payable by the Broker to Lender.

It is further understood should Lender or any assignee of the lender uncover breaches of Broker's Warranties expressed in Section 11 and the "Loan Fraud 'Zero Tolerance' Statement", Lender hereby expressly reserves, and does not waive its rights to (i) demand or enforce a repurchase of any mortgage loan, at any time in its sole discretion, including without limitation prior to the completion of Liquidation, or (ii) enforce any other obligations and remedies at any time in its sole discretion

- 19. Termination of Agreement:** Either party may terminate this Agreement at any time, upon written notice to the other party; provided, however, that any termination of this Agreement shall not affect: (i) Lender's obligation to fund any Loan which Lender has committed to fund; (ii) Lender's obligation to pay any amounts due Broker under this Agreement; or (iii) the obligations of Broker with respect to Loans already funded by Lender pursuant to this Agreement, including, without limitation, the obligation of Broker to indemnify and hold Lender harmless from and against any Loss pursuant to Section 12 hereof, and to repurchase a Loan from Lender pursuant to Section 14 hereof;
- 20. Notice of Certain Matters:** Broker hereby covenants and agrees with Lender that Broker shall promptly give written notice to Lender of:
- a. The occurrence of any breach of a representation or warranty as set forth in Section 11 hereof.
 - b. Any litigation or proceeding affecting Broker involving amounts in the case of any such individual litigation, investigation or proceeding in excess of \$ 10,000.00 or which, regardless of the amount in controversy, if adversely determined, could have a material adverse effect on the business, operations, property or financial or other condition of Broker of the Broker or the ability of Broker to perform its obligations hereunder.
 - c. Receipt by Broker of notice from any agency concerning revocation, suspension of any other adverse action or potential action relating to any of Broker's licenses to conduct its business; and
 - d. A material adverse change in the business, operations, property or financial or other condition of Broker.
- 21. Miscellaneous:**
- 21.1 Governing Law:** This Agreement shall be governed by and construed in accordance with the law of the State of California.
- 21.2 Right to Offset:** Amount owed by Broker to Lender under this Agreement may, at Lender's option and in its sole discretion, be offset by Lender against any payments or funds then or thereafter owed by Lender to Broker under this or any other agreement between two parties.
- 21.3 Notices:** All notices required hereunder shall be in writing and shall be deemed to have been given, made, and received only (a) upon delivery, if personally delivered to a party; (b) one business day after the date of dispatch, if by facsimile transmission or electronic transmission; (c) one business day after deposit, if delivered by a nationally recognized courier service offering guaranteed overnight delivery; (d) three business days after deposit

in the United States First Class mail, certified mail, postage prepaid, return receipt requested, at the addresses appearing below.

All notices addressed to Lender should be sent to its office at:

Mega Capital Funding, Inc.
26637 Agoura Road, Suite 100
Calabasas, CA 91302

Or another address designated in writing by Lender from time to time.

All notice addressed to Broker should be sent to its office at:

Or another address designated in writing by Broker from time to time.

- 21.4 **Attorney's Fee:** If any legal action or other proceeding is brought for the enforcement of any provision of this Agreement, or because of an alleged dispute, breach, default, or misrepresentation in connection with any of the provisions of this Agreement, the prevailing party of parties shall be entitled to reasonable attorney's fees and other costs incurred in that action or proceeding, in addition to any other relief to which it or they may be entitled. In addition, any such suit or proceeding shall be brought in the federal or state courts located in Los Angeles County, California, which courts shall have sole and exclusive in personal, subject matter and other jurisdiction in connection with such suit or proceeding, and venue shall be appropriate for all purposes in such courts.
- 21.5 **No assignment:** Broker may not assign this Agreement or any of its responsibilities under this Agreement. Lender reserves the right, upon notice, to assign its obligations and responsibilities under this Agreement to any affiliated entity engaged in the business of residential financing.
- 21.6 **Entire Agreement, Amendment:** This Agreement constitutes the entire agreement between the parties and supersedes all prior and contemporaneous agreements, representations understanding. No supplement, modification, of amendment shall be binding unless executed in writing by both parties hereto.
- 21.7 **Waivers and Remedies:** Failure or delay to audit any Loan or to exercise any right shall not act as a waiver of any other right, nor shall any single or partial exercise of any right preclude any other or further exercise thereof. No waiver of any of the provisions of the Agreement shall be deemed, or shall constitute, a waiver of any other provision, whether or not similar, nor shall any waive constitute a continuing waiver. No waiver shall be binding unless executed in writing by the party making the waiver. All remedies shall be cumulative and nonexclusive.
- 21.8 **Partial Invalidity:** If any provision of the Agreement is held to be invalid, void, or unenforceable, the remaining provisions shall nevertheless continue in full force and effect.
- 21.9 **Customer Contact:** Lender may contact any customer or loan applicant after receipt of the loan package from Broker, if Lender considers contact appropriate, including contact for the purposes of selling credit insurance or other products.
- 21.10 **Further Assurances:** Each party shall perform any further acts and execute and deliver any documents that may be reasonably necessary to carry out the provisions of this Agreement. In the event any borrower(s) exercises his, her or their right of rescission, Broker shall promptly pay to Lender or Funding Lender all amounts collected by Broker from Borrower in connection with the Loan, except where such amounts were disbursed by Broker to third party service providers.
- 21.11 **No Solicitation:** Loans originated by Broker for funding by Lender shall not be solicited by Broker for Loans for a period of 3 months from the date the Loan is funded by Lender. Borrowers requesting a loan from Broker within the 3-Month period must be referred to Lender.

21.12 **Provision of Information:** During the term of this Agreement, and after the submission of a Loan application to Lender, Broker shall furnish Lender, all notices, communications, documents, correspondence and other materials received by Broker from any person whatsoever relating to a Loan within one day following receipt thereof by Broker, pursuant to Section 10.2 above.

IN WITNESS WHEREOF, the parties have caused their duly authorized representatives to execute this Broker Agreement as of the date first set forth above.

Broker: _____

Lender: Mega Capital Funding Corporation

License No: _____

Address: 26637 Agoura Road,
Suite 100
Calabasas, CA 91302
Phone: 818-657-2600

Expiration Date: _____

Phone: 818-657-2600

Address: _____

Fax: _____

Phone: _____

Email: _____

Fax: _____

Email: _____

Signature: _____

Broker Signature: _____

Name: _____

Name

EXHIBIT A

- *Taking information from the applicant and filling out the application. Filling out a prospective borrower's worksheet may substitute for the act of filling out a mortgage loan application if, for reasons of efficiency, the lender prefers to have the actual application filled out in a central location.*
- *Analyzing the applicant's income and debt and prequalifying the borrower to determine the maximum amount the applicant can afford.*
- *Educating the borrower in the home-buying and financing process, advising the borrower about the different types of loan products available, and demonstrating how closing costs and monthly payments would vary under each product.*
- *Collecting financial information (for example, tax returns, bank statements) and other related documents that are part of the application process.*
- *Initiating or ordering verifications of employment (VOEs) and verifications of deposit (VODs)*
- *Initiating or ordering requests for mortgage and other loan verifications.*
- *Initiating or ordering appraisals.*
- *Initiating or ordering inspections or engineering reports.*
 - *Providing required legal disclosures (Truth-in-Lending, Good Faith Estimate, others) to the applicant.*
- *Assisting the applicant in understanding and clearing credit problems.*
- *Maintaining regular contact with the applicant, real estate broker or salesperson, and lender, between application and closing to apprise them of the status of the application and to gather any additional information as needed.*
- *Ordering legal documents.*
- *Determining whether the secured property is located in a flood zone or ordering a flood determination.*
- *Participating in the loan closing.*

ADDENDUM TO DUAL BROKER CORRESPONDENT AGREEMENT

This Addendum to the Dual Broker Correspondent Agreement ("Agreement") is entered into on _____, 20[___], by and between Mega Capital Funding Inc., a California Corporation ("Lender"), and _____ ("Broker / Correspondent") with reference to the following as it pertains to the early payment default and early payoff provisions in the original Dual Broker Correspondent Agreement, dated as of [insert date], between Lender and Broker / Correspondent (as amended, the "Agreement"). Initially capitalized terms used but not defined in this Addendum shall have the meaning ascribed to such term in the Agreement.

EARLY PAYMENT DEFAULT: If a Borrower on a Loan fails to make any of the first four monthly payments due on a Loan following the Funding Date, and the Loan becomes thirty (30) days or more delinquent, Correspondent / Broker agrees to repurchase such mortgage loan, should MCFI / Lender or the then holder of the mortgage loan so request, at a repurchase price payable in cash equal to the following (inclusive 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 / Lender to Correspondent/Broker 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 / Broker's obligation to repurchase (the "Repurchase Price"). The repurchase shall be completed within ten (10) days of MCFI's / Lender's demand to Correspondent / Broker. Upon payment of such Repurchase Price, MCFI / Lender shall endorse and assign without any recourse or warranty whatsoever, or shall cause the holder thereof to so endorse and assign, the related promissory note and security instrument to Correspondent / Broker.

EARLY PARTIAL BALANCE PAYOFF: In the event that any loan is (i) reduced in principal amount by (1) at least 15% of the original principal balance within the first 90 days or (2) at 30% or greater of the original principal balance from the 91st day to the 180th day following the loans funding date or closing date whichever is later, then such instance MCFI / Lender will provide the Correspondent / Broker with written notice of such an event. At that time, the recapture of any premium or other price enhancement that was Paid by MCFI / Lender or credited to the Borrower's closing costs in connection with the early prepayment, the Correspondent / Broker shall promptly deliver to MCFI / Lender any credit for the rate paid by MCFI / Lender to the borrower or Correspondent / Broker. The EPP at that time of billing will be in the notification to the Correspondent / Broker. The calculation used in the notification will be a direct percentage of the principal reduction to the original loan amount.

Except as amended hereby by this Addendum, the Agreement shall continue in full force and effect in accordance with its terms. Reference to this Addendum need not be made in the Agreement or any other instrument or document executed in connection therewith, or in any certificate, letter or communication issued or made pursuant to, or with respect to, the Agreement, any reference in any of such items to the Agreement being sufficient to refer to the Agreement as amended by this Addendum. In the event of any conflict between this Addendum and the Agreement, the terms and conditions of this Addendum shall control.

In order to induce Lender to execute and deliver this Addendum, the Broker / Correspondent makes all of the representations and warranties set forth in the Agreement as of the date hereof and further represents to Lender that as of the date hereof, that the Broker / Correspondent is in strict and full compliance with all of the terms and conditions of the Agreement and each and every agreement or document relating thereto to which it is a party and no default or event of default has occurred and is continuing under the Agreement or any other agreement or document between the Broker / Correspondent on the one hand, and Lender on the other hand.

This Agreement shall be interpreted under the laws of the State of California without regard to its rules regarding conflicts of the law.

This Addendum may be executed by each of the parties hereto on any number of separate counterparts, each of which shall be an original and all of which taken together shall constitute one and the same instrument. The parties agree that this Addendum, any addendum or amendment hereto or any other document necessary for the consummation of the transactions contemplated by this Addendum may be accepted, executed or agreed to through the use of an electronic signature in accordance with the Electronic Signatures in Global and National Commerce Act, 15 U.S.C. § 7001 et seq,

Official Text of the Uniform Electronic Transactions Act as approved by the National Conference of Commissioners on Uniform State Laws at its Annual Conference on July 29, 1999 and any applicable state law. Any document accepted, executed or agreed to in conformity with such laws will be binding on all parties hereto to the same extent as if it were physically executed and each party hereby consents to the use of any secure third party electronic signature capture service with appropriate document access tracking, electronic signature tracking and document retention as may be reasonably chosen by a signatory hereto, including but not limited to DocuSign.

BROKER COMPANY NAME: _____ **NMLS:** _____

BROKER/OWNER/PRINCIPLE: _____ **NMLS:** _____
Print

BROKER/OWNER/PRINCIPLE: _____ **TITLE:** _____
Signature

Mega Capital Funding Corporation

BROKER COMPENSATION POLICY

Provisions of the Federal Truth in Lending Act and Regulation Z, specifically Section 226.36(d), address issues and prescribe rules related to Loan Originators Compensation. Loan Originators are generally loan officers of creditors (creditors are entities that make loans in their own names with their own source of funds), loan brokers (includes table funders) and loan officers employed by brokers. The Loan Originator Compensation rules (“Rule”) do not directly apply to creditors.

In the Broker Agreement with our company, you have represented that you will comply with this Rule and with certain policies of this company. These policies may be changed from time to time upon receipt of written notice from our company. Among these policies are:

- A. Compensation to Broker or Loan Officer may be based only on the following terms and conditions: long-term performance, hourly rate, a fixed payment for every loan, pull-through rate, quality, legitimate business expenses, or a percentage of the amount of credit extended.
- B. Where compensation to Broker or Loan Officer is based on a percentage of the amount of credit extended, that percentage must be fixed. That percentage may be subject to minimum or maximum dollar amounts. However, these maximum and minimum amounts must be fixed.
- C. Compensation to Broker or Loan Officer may not be based on a term or condition of the loan such as interest rate, APR, LTV, prepayment penalty, credit score, amount of fees collected, CRA eligibility, PMI, loan profitability, or loan type (such as firsts, seconds, FHA/VA/USDA, purchase or refinance). They also cannot reflect post origination events, such as premium recaptures or indemnity payments.
- D. You and your loan officers may receive compensation only from one source. Payment from both our company and from the borrower, seller or other 3rd party is not allowed (whether by payment, credit or otherwise).
- E. Records of compensation policies must be retained for a minimum of 2 years.
- F. Broker and Loan Officers receive any compensation from the borrower, seller or any other 3rd party; this payment must be reviewed and approved in advance by our company.
- G. A Broker/Loan Officer may not **steer** a borrower into a transaction that is not in the borrower’s best interest. Loan originators must comply with the **anti-steering** tests found in the Rule (as defined in the Broker Agreement you have signed.).
- H. All Broker/Loan Officers must comply in all respect with the Rule.

Received by: _____

Title: _____

Broker Signature: _____

Type Name: _____



MEGA CAPITAL FUNDING, INC.

Loan Originator Compensation and Anti-Steering Rules

Summary

The Federal Reserve Board has published amendments to Section 226.36 of Regulation Z, imposing restrictions on loan originator compensation and restricting steering practices by loan originators. These new rules become effective with **all loan applications submitted to Mega Capital Funding on or after April 5, 2011**. The purpose of the new rule is to protect consumers in the mortgage market from unfair or abusive practices, while preserving responsible lending and sustainable home ownership. The rule impacts all mortgage loan originators, not just the mortgage broker. All individuals that originate closed-end loans secured by consumers dwelling will be held to the new compensation rule.

The new rule prohibits:

- Loan originators may not receive compensation that is based on loan terms or conditions, other than loan amount.
- Loan originators may not receive compensation from the lender or other parties if the loan originator is receiving compensation directly from borrower.
- Loan originators are prohibited from directing or “steering” a borrower to accept a mortgage loan that is not in the borrower’s interest to increase the loan originator’s compensation.

For more information, please visit the Federal Reserve Board website:
<http://www.federalreserve.gov/newsevents/press/bcreg/20100816d.htm>

Loan originator will have two options either borrower-paid or lender-paid on each loan transactions.

Borrower-Paid Compensation

- The amount of compensation is negotiated with borrower.
- Brokers can lower compensation, pay for violations or offer credits towards third party costs.
- Borrowers may pay discount points to reduce their interest rate.
- Borrowers may use credits from the interest rate chosen to pay for third party fees, but such credits may not be used to cover any amount of the Borrower-Paid Broker compensation. (Interest rate must be reduced if credit exceeds any third-party fees)
- Broker may **not** change compensation plan from Borrower-Paid to Lender-Paid Compensation.
- Seller credits are considered as borrower’s funds.
- Borrower-paid compensation shall be limited to no more than \$50,000.

Lender-Paid Compensation

- 100% of the Broker's compensation must be paid by Mega Capital Funding.
- Compensation must match exactly to Broker's compensation plan.
- Brokers may change Compensation plan on periodic basis.
- Borrowers may use credits from the interest rate chosen to pay for third party fees. (Interest rate must be reduced if credit exceeds any third-party fees.)
- Borrowers may pay discount points to reduce the interest rate.
- Broker may not reduce commission to pay for tolerance violations, credit third party fees or offer other concessions.
- Broker may change compensation plan from Lender-Paid to a Borrower-Paid Compensation.
- Seller credits are considered as borrower's funds.
- Lender Paid Compensation shall be limited to no more than \$30,000.00.

Anti-Steering and Safe Harbor

The rule also prohibits loan originators from steering borrowers to loans in which they receive greater compensation from the lender unless the loan is in the borrower's interest. The originator must present three options to borrower.

1. The lowest interest rate
2. The lowest origination fees/ discount points
3. The lowest rate with no risky features

Anti-Steering Disclosure form is required with submission.

MCFI Lender-Paid Compensation Plan

- Fee changes to comp plan can only be done after **30days** of the effective date of the previous plan.
- New compensation will go into effect immediately on the effective date requested. Requests to change must be sent to lock@mcfunding.com.
- **Compensation effective date will be based on complete loan package submission date.**



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 Mega Capital funding, Inc ("Lender") pay the Broker's Compensation.

Please indicate Lender compensation details below:

LENDER COMP % (suggested 2.75% max for QM products)	Minimum Fee:
Flat Fee: (if applicable - Must be no greater than \$1500)	Max Fee: (must be no greater than \$30,000)

I hereby certify 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.

Authorized Signature (Broker/ Owner): _____ Date: _____

Name _____

Effective Date: _____

Title _____

E-Mail _____

MCFI Confirmation:

Signature _____ Date: _____

Loan Fraud “Zero Tolerance” Statement

All approved (“**BROKER**”) 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 **Mega Capital Funding, INC (“MCFI”)**.

THE SUBMISSION OF A LOAN APPLICATION CONTAINING FALSE INFORMATION IS ACRIME.

TYPE OF LOAN FRAUD:

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

CONSEQUENCES:

The effects of “Loan Fraud” are costly to all parties involved. MCFI stands behind the quality of its loan production. Fraudulent loans cannot be sold into the secondary market and, if sold, will require repurchase by MCFI. Fraudulent loans damage our reputation. The price paid by those who participate in “Loan Fraud” is even more costly. The following is a list of the potential consequences:

Consequences to Broker:

1. Criminal Prosecution.
2. Loss of Real Estate Broker’s License.
3. Loss of Lender Access due to exchange of information between Lenders, Mortgage Insurance Companies, including submission of information to investors (FHLMC/FNMA), Police Agencies, Investigative Firms and the Department of Real Estate.
4. Civil Action by MCFI.
5. Civil Action by Applicant/Borrower, or Other Parties to the Transaction.
6. Loss of Approval Status with MCFI.

Consequences to Borrower:

1. Acceleration of debt (FHLMC/FNMA 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 principal resident.”

Foreclosure under 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 date of the property.

2. Criminal Prosecution.
3. Civil Action by MCFI and Broker.
4. Civil Action by Other Parties to Transaction, such as Seller or Real Estate Agent or Broker.
5. Employment Termination.
6. Loss of Professional License, if any.
7. Adverse Effect on Credit History.

I HAVE READ THE FOREGOING STATEMENT AND UNDERSTAND ITS CONTENTS AND MCFI’S POSITION REGARDING “LOANFRAUD”.

DATED: _____ “SIGNATURE OF “BROKER OF RECORD“

DATED: _____ “SIGNATURE OF “BROKER OF RECORD“



5000 N. Parkway Calabasas, Suite 100, Calabasas, CA91302

Fax and E-mail Permission

Due to changes in Federal Regulations, Mega Capital Funding, Inc. is required to obtain your written consent to correspond via fax and/or email. Express permission is hereby granted to the agents of **Mega Capital Funding, Inc.** to fax and/or email unsolicited information, Rate Sheets and advertisements pertaining to our business relationship to the following fax machine(s) and email address (es).

Fax Number(s):

Email Address(es):

Name _____

Broker/Firm _____

DBA _____

Signature: _____ **Date:** _____

ADDENDUM TO THE LOAN PURCHASE AGREEMENT

Home Equity Line of Credit - Early Pay Off

Early Pay Off

For the Home Equity Line of Credit (HELOC) product, an early pay off results when within 180 days after the funding date (broker channel) or purchase date (correspondent channel), the principal balance is paid in full, and the related account is closed such that no additional amounts may be drawn.

Early Pay Down

In the case of an early paydown of the HELOC, it shall be considered an early pay down when the outstanding principal balance is paid down by 50% or more in the first 90 days after loan funding (broker channel) or loan purchase date (correspondent channel).

Penalty

In either case, the early pay off or the early pay down of the HELOC will result in Mega Capital Funding seeking recovery of all premiums paid to the mortgage broker / correspondent lender or to the borrower in the form of a lender credit. In addition, we will pass on any other penalties or assessments charged by the investor on the loan file.

The broker or correspondent lender must remit all payments due within 10 business days of notification by Mega Capital Funding, failure to do so may result in termination of the business agreement.

By signing this Addendum, we agree to the terms outlined in this document and we agree to inform consumers of their obligations regarding early pay off or early pay down of their HELOC loan.

Signed by:

Date:

Officer of Correspondent / Broker

Name:



MEGA CAPITAL FUNDING, INC.