

## BROKER SIGNATURES PACKAGE – NEW BROKERS

**\*\*\*Read and sign the documents on the following pages\*\*\***

### Instructions:

1. Read and sign the forms in this package. The “Limited Power of Attorney” must be notarized. Scan the signed documents into one pdf file named “Broker Signatures Package”.
2. If you haven’t done so already, initiate the [online broker application](#) by submitting your email address. You will be sent an email containing a link to the online application form.
3. Go to the online application form using the link in the email you received and completely fill it out. There will be a place on the form for you to upload the "Broker Signatures Package" file.
4. Below is a list of other documents you may need to upload as part of the application. Please upload each one as a separate file into the online application:
  - Articles of Incorporation;
  - Certification for any DBA;
  - Copy of Errors and Omissions policy and/or copy of paid bond (as required by state law);
  - Copy of state licenses;
  - Current Financials:
    - Balance Sheet;
    - Profit and Lost statement;
    - Business bank statement;
    - If Sole Proprietor or Partnership, 2 years tax returns;
  - Credit report dated within the last 60 days;
  - Current “Letter of Good Standing” report from the state’s business licensing division;
  - FHA Approval Letter;
  - Attach resumes of all owners/ principals/ partners/ managers;
  - Letter from company, signed by the principal, identifying all loan repurchase requests and a written explanation for each;
  - List of each loan officer and processor associated with each branch -- including name, NMLS Identification Number, office phone number, cell phone number, fax number, email address and state license number;
  - VA Approval Letter;
  - Written explanation of all adverse comments identified on industry compliance reports, as applicable.
5. Allow up to 30 days for your application to be reviewed.
6. **Important:** All supporting documents must be uploaded with the initial application in order for your application to be approved. DO NOT send missing documents by email or snail mail at a later time. Instead, you are welcome to resubmit online once you have all required documentation.

We hereby certify that the next fiscal year-end is \_\_\_\_\_, 20\_\_\_\_\_.

The age of the company is \_\_\_\_\_

The undersigned declare, represent, and warrant that, to the best of their knowledge, the statements set forth herein are true and correct. Buyer is hereby authorized to obtain verification from any source named herein or at Buyer's discretion to obtain a credit report from a National Credit Reporting Agency. It is agreed that this application, when approved, shall be attached to and become a part of the Purchase and Sale Agreement with Buyer.

Originating Broker \_\_\_\_\_  
(Name of Institution) (Date)

\_\_\_\_\_  
(Name and Title) (Name and Title)

\_\_\_\_\_  
(Signature) (Signature)

Buyer agrees that any financial information provided by Broker in the application package will be treated as confidential and not released (except in summary form without any identification of a particular institution) to any third party unrelated to Buyer, without first obtaining Broker's consent or pursuant court or administrative order requiring such a release.



## **BUSINESS REFERENCES**

Please List the names, addresses and phone numbers of three (3) Wholesale lenders you are presently doing business with:

1.

2.

3.

## **ANTI – PREDATORY LENDING POLICY ACKNOWLEDGMENT**

---

Direct Mortgage Corp. (DMC) has adopted this *Statement against Predatory Lending Practices*, as well as numerous other safeguards and procedures, including Best Practices as recommended by the Mortgage Bankers Association of America, in order to help insure that our customers receive fair and equitable treatment in the origination of their mortgage from DMC.

DMC strongly disapproves of abusive or predatory lending practices by any of its employees or agents, and requires its employees to receive training to spot predatory lending practices in an effort to prevent them. DMC requires all new loan brokers to acknowledge DMC's Best Practices and Anti-Predatory Lending Policy, and to adhere to practices intended to eliminate predatory lending and treat all borrowers fairly and equitably. In addition, DMC complies with all applicable state and federal laws and regulations, including, but not limited to the Equal Credit Opportunity Act, the Fair Housing Act, the Fair Credit Reporting Act, the Truth in Lending Act, and the Real Estate Settlement Procedures Act.

Prospective borrowers are encouraged to seek loan counseling prior to obtaining a mortgage, and the US Department of Housing and Urban Development can provide borrowers with a list of loan counselors in their area (see <http://www.hud.gov/consumer/> or <http://www.hud.gov/offices/hsg/sfh/hcc/hccprof14.cfm> for more information, or contact HUD at 888-466-3487).

### **Best Practices**

DMC Mortgage Corp. (DMC) has endorsed MBA Best Practices as recommended by the Mortgage Bankers Association of America. A copy of the MBA Best Practices can be found at: [http://www.mbaa.org/industry/docs/01/mba\\_bestpractice.html](http://www.mbaa.org/industry/docs/01/mba_bestpractice.html)

The measures recommended by the Mortgage Bankers Association of America are meant to serve as guidelines by which DMC can meet its business objectives, while providing fair and equitable treatment to borrowers. In accordance with the MBA Best Practices, DMC has adopted the following safeguards to ensure fair and equitable treatment of consumers:

- **Borrowers Should Not Be Steered to Inappropriate Products.** Borrowers should be offered the best available products for which the borrower would qualify based on his/her creditworthiness. DMC's automated underwriting system automatically seeks the highest credit grade available for each borrower and prices a loan accordingly.
- **Lenders Should Determine That All Borrowers Have the Ability to Repay Their Loans.** A lender's credit decision should be based primarily on the repayment ability of the borrower. DMC has established a policy which restricts the origination of a loan solely on the basis of the borrower's equity, without regard to proper underwriting. DMC underwriting utilizes, among other things, income, assets, as well as mortgage and credit histories. DMC requires that all borrowers meet prescribed debt-to-income ratios as specified in DMC's underwriting guidelines. Currently, the maximum debt-to-income ratio is 55% (lower for certain products). DMC qualifies ARM loans at a rate of 1% above the start rate on all 6 month and 1 year ARMs.
- **Lenders Should Not "Flip" Customers.** "Flipping" refers to the practice where a lender refinances a loan with a larger loan where the additional proceeds are largely used for fees and charges, and resulting in the borrower's equity being stripped from the property. DMC requires a 12-month listing history as well as the sales history that must be validated by the appraisal department to detect artificially inflated values. DMC also requires a 6-month chain of title on all transactions. Loan transactions for properties with multiple refinances in the last 24 months must also demonstrate an economic value to the borrower.
- **All Borrowers Should Be Fully Informed of All Loan Terms and Conditions, Including the Risks and Benefits of the Loan Transaction.** Applicable disclosures should comply with legal requirements and should provide adequate explanation of all pertinent loan terms and conditions, including any yield-spread or service-release premium. In addition, marketing practices and materials should not be deceptive or exploitative. DMC discloses yield spread premium on the following documentation: Advance Disclosures, Final Disclosures, Lenders Closing Instructions, State specific forms, Final HUD-1. In addition, DMC provides its own Good Faith Estimate in all brokered transactions.
- **Fees and Rates.** Fees and rates should be representative of the associated credit risks and/or costs and services associated with the origination of the loan and properly disclosed. Loan fees must be proportionate to the costs of origination and the credit risk presented to the borrower. DMC has restricted first mortgage loans from exceeding the

Section 32 and state-specific high cost rate and fees limitations, and total fees charged to the borrower is limited to 5% on all loans. DMC has a clearly defined risk to rate price sheet.

- **Insurance Bundling.** Lump-sum insurance products, such as credit life insurance, disability insurance, home warranties, etc., should not be a condition of the loan. DMC does not engage in the practice of financing lump-sum or single-premium credit life insurance or similar products, and prohibits such practices in any transaction in which it is involved
- **Prepayment Penalties.** Prepayment penalties should be fair and fully disclosed. DMC's prepayment penalties follow Federal and State laws. DMC offers all loan programs with a no prepayment penalty option at higher rates.
- **Lenders Should Report Borrowers' Payment History to Credit Bureaus.** Reporting such information enables consumers to improve their credit profile and have access to more favorable financing. DMC's sub-servicer is required to report to all major reporting agencies on a regular basis.
- **Benefit to the Borrower.** All loans must be made based on a bona fide and documented benefit to the consumer. DMC requires employees to evaluate the benefit of each loan to the borrower. Examples of benefits include, without limitation, reduction of rate below borrower's current rate for a 24-month period, reduction in monthly PITI, reduction in overall monthly payments through debt consolidation, conversion of mortgage from ARM to fixed rate, conversion of a mortgage from a longer term to a shorter term, cash out/cash in hand greater than all fees connected with loan (payoff of the prepayment penalty is considered in this evaluation).
- **Upcharging.** The assessment of extra charges above an actual third party fee. DMC has prohibited the collection of any excess fees above an actual third party fee. DMC policy requires copies of all third party invoices as a condition to close.
- **Anti-Predatory Lending Policy.** DMC strongly disapproves of abusive or predatory lending practices by any of its employees or agents, and requires its employees to receive training to spot predatory lending practices in an effort to prevent them. DMC requires all new loan brokers to acknowledge DMC's Best Practices and Anti-Predatory Lending Policy at time of approval, and to adhere to practices intended to eliminate predatory lending and treat all borrowers fairly and equitably.
- **Fair Lending/Non-Discrimination.** DMC is an equal housing lender and, in accordance with the Federal Equal Credit Opportunity Act, DMC employs business practices that promote fair lending and will not tolerate discrimination relative to borrower race, color, religion, sex, handicap, familial status, age, national origin or ancestry. DMC fully supports the letter and spirit of these laws and does not condone discrimination in any mortgage transaction.
- **Industry & Community Involvement.** DMC is committed to involvement with trade organizations, community groups, national associations, mortgage bankers, as well as state and local associations to continually develop and implement practices and disclosures that respond to the needs of consumers, and to scan and respond to new potential legislation which creates the need for consumer disclosures and protections.
- **Violations/Retaliation.** DMC employees and Brokers are encouraged to report to senior management violations of these best practices and/or questionable activities in accordance with company procedures. In addition, no employee or broker will be subject to disciplinary or retaliatory action for a good faith reporting of a suspected violation of these guidelines.
- **Training.** All DMC Employees are required to undergo training on DMC's Best Practices and how to spot and prevent abusive or predatory lending. Brokers submitting applications or loans to DMC acknowledge and agree to abide by DMC's Best Practices and Anti-Predatory Lending Policy.

### Acknowledgement of receipt:

---

Broker Signature

---

Date

## RESOLUTION OF BOARD OF DIRECTORS

Of \_\_\_\_\_  
(Name of Correspondent/Broker Lender)

RESOLVED FIRST, that

\_\_\_\_\_ the \_\_\_\_\_ and  
(Name of Officer) (Title)

\_\_\_\_\_ the \_\_\_\_\_ and  
(Name of Officer) (Title)

\_\_\_\_\_ the \_\_\_\_\_ and  
(Name of Officer) (Title)

of this corporation, or any one or more of them or their duly elected or appointed successors in Office, be and each of them is hereby authorized and empowered in the name of and on behalf of this corporation and under its corporate seal from time to time while the resolution is in effect, to sell mortgage loans to **Direct Mortgage Corp.** and to execute any and all agreements, contracts, assignments, endorsements, and issuance of checks or drafts, reports, mortgage documents and other papers in connection with documents, and furnish any information required or in connection therewith.

**I HEREBY CERTIFY** that the foregoing is a true and correct copy of a resolution presented to and adopted by the Board of Directors of \_\_\_\_\_  
(Your Company Name)

at a meeting duly called and held at \_\_\_\_\_  
(City and State)

on the \_\_\_\_\_ day of \_\_\_\_\_, 20 \_\_\_\_ at which a quorum was present and voted, and that such resolution is duly recorded in the minutes book of this corporation; that the officers named in said resolution have been duly elected or appointed to, and are the present incumbents of the respective officers set after their respective names.

\_\_\_\_\_  
(Secretary)

**LIMITED POWER OF ATTORNEY**  
**(REQUIRED FOR FHA LOANS ONLY)**

The undersigned officers of \_\_\_\_\_, a \_\_\_\_\_ (State) Corp., does hereby make, constitute and appoint any of the following employees of **Direct Mortgage Wholesale, a Division of Direct Mortgage Corp.** ("Purchaser"):

Executive Vice President, Senior Vice President, Vice President, Assistant Vice President, or Supervisor

The undersigned's true and lawful Attorney-in-Fact, with full right, power and authority for the undersigned and in the undersigned's name, place and stead to endorse and assign notes and take any and all such action as is required to assign the mortgages, deeds of trust and other instruments evidencing the security for said notes of Direct Mortgage Corp. giving and granting unto said Attorney-in-Fact the full power and authority to do and perform each and Every act, deed, matter and thing whatsoever required and necessary to be done in and about the foregoing, as fully undersigned might or could do if present and acting.

This Limited Power of Attorney shall be effective immediately, and shall continue until revoked by the undersigned by written notice to such Attorney-in-Fact.

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_

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

Printed Name: \_\_\_\_\_

Its: **President**

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

Printed Name: \_\_\_\_\_

Its: **Secretary**

STATE OF \_\_\_\_\_ COUNTY OF \_\_\_\_\_

On this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, before me, the undersigned, a Notary Public in and for the State of \_\_\_\_\_, personally appeared \_\_\_\_\_ and \_\_\_\_\_ respectively, of the corporation executing the foregoing instrument, that the seal affixed thereto is the seal of the corporation executing the foregoing instrument, that the seal affixed thereto is the seal of the corporation; that said instrument was signed and sealed on behalf of the corporation by authority of its Board of Directors; and that \_\_\_\_\_ and \_\_\_\_\_ as officers acknowledge the execution of the foregoing instrument to be voluntary act and deed of the corporation, by it and by them voluntarily executed.

My commission expires: \_\_\_\_\_

Notary Public, State of \_\_\_\_\_

County of \_\_\_\_\_

## **Authorization / Release for Businesses and Individuals**

\_\_\_\_\_ (your company name), of \_\_\_\_\_ (city, state) (“Applicant”) acknowledges that it is in the best interest of both Applicant and Direct Mortgage Wholesale, a division of Direct Mortgage Corp. (“Mortgage Lender”), of Salt Lake City, Utah to perform due diligence concerning Applicant’s background and experience. Applicant further acknowledges that Applicant benefits from the efficiencies in the due diligence process that are possible when Mortgage Lender and other similarly-situated entities in the mortgage industry exchange information about their experiences in doing business with individuals and companies such as Applicant. Therefore, Applicant hereby consents and gives Mortgage Lender permission to submit the name of Applicant’s company and any and all employees of the company for screening through any and all mortgage industry background databases. This screening may include, but shall not be limited to: 1) soft, non-FICO impacting credit reports on your employees and business credit reports on your company, 2) criminal background checks your employees, and 3) mortgage industry background checks on your company and employees. Applicant understands that Mortgage Lender performs quality control reviews of the loans that Applicant submits to Mortgage Lender for registration, review, underwriting, and/or purchase. Applicant understands and hereby consents to the release of information about any loan application that is believed to contain misrepresentations and/or irregularities. Applicant agrees and gives its consent that it and its employees may be named as the originating entity or loan officers on such loans, whether or not Applicant or its employees are implicated in the misrepresentation and/or irregularities. Applicant hereby releases and agrees to hold harmless Mortgage Lender from any and all liability for damages, losses, costs, and expense that may arise from the reporting or use of any information submitted by Mortgage lender to any third party credit or background screening service provider.

I hereby give my consent to Direct Mortgage Corp., or any third party reporting bureau which Direct Mortgage Corp. may designate, to obtain a business and personal credit and background reports.

Company \_\_\_\_\_

Name \_\_\_\_\_

Title *(must be primary owner or executive duly authorized to sign for the company)* \_\_\_\_\_

Social Security Number *(required)* \_\_\_\_\_

Tax ID Number *(required for all corporations)* \_\_\_\_\_

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

## 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.

Name		
Business name, if different from above		
Check appropriate box: <input type="checkbox"/> Individual/ Sole proprietor	<input type="checkbox"/> Corporation	<input type="checkbox"/> Partnership <input type="checkbox"/> Other ▶ .....
Address (number, street, and apt. or suite no.)		<input type="checkbox"/> Exempt from backup withholding
City, state, and ZIP code		Requester's name and address (optional)
List account number(s) here (optional)		

### Part I Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. For individuals, this is 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 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. person (including a U.S. resident alien).

**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 4.)

**Sign Here**

Signature of  
 U.S. person ▶

Date ▶

### Purpose of Form

A person who is required to file an information return with the IRS, must obtain your correct taxpayer identification number (TIN) to report, for example, income paid to you, real estate transactions, mortgage interest you paid, acquisition or abandonment of secured property, cancellation of debt, or contributions you made to an IRA.

**U.S. person.** Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN to the person requesting it (the requester) and, when applicable, to:

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.

**Note:** If a requester gives you a form other than Form W-9 to request your TIN, you must use the requester's form if it is substantially similar to this Form W-9.

**Foreign person.** If you are a foreign person, use the appropriate Form W-8 (see **Pub. 515**, Withholding of Tax on Nonresident Aliens and Foreign Entities).

### Nonresident alien who becomes a resident alien.

Generally, only a nonresident alien individual may use the terms of a tax treaty to reduce or eliminate U.S. tax on certain types of income. However, most tax treaties contain a provision known as a "saving clause." Exceptions specified in the saving clause may permit an exemption from tax to continue for certain types of income even after the recipient has otherwise become a U.S. resident alien for tax purposes.

If you are a U.S. resident alien who is relying on an exception contained in the saving clause of a tax treaty to claim an exemption from U.S. tax on certain types of income, you must attach a statement that specifies the following five items:

1. The treaty country. Generally, this must be the same treaty under which you claimed exemption from tax as a nonresident alien.
2. The treaty article addressing the income.
3. The article number (or location) in the tax treaty that contains the saving clause and its exceptions.
4. The type and amount of income that qualifies for the exemption from tax.
5. Sufficient facts to justify the exemption from tax under the terms of the treaty article.

Direct Mortgage Corp  
Wholesale Broker Agreement

---

## BROKER AGREEMENT

**THIS AGREEMENT** is entered into, as of the effective date stated in paragraph 27, between **Direct Mortgage Corp.** hereinafter referred to as “DMC”, and \_\_\_\_\_, hereinafter referred to as “Broker”.

WHEREAS, Broker wishes from time to time to sell and DMC wishes from time to time to buy all of Broker’s right, title and interest in and to certain promissory notes secured by first or second liens on residential real property provided such mortgages conform to DMC’s underwriting standards (the “Loans” or a “Loan”); and

WHEREAS, the parties wish to establish a non-exclusive relationship between and for the benefit of DMC and Broker, whereby Broker will submit to DMC, in compliance with DMC’s loan underwriting standards, loan packages pursuant to the terms and conditions herein;

NOW THEREFORE, in consideration of promises, covenants and agreements hereinafter contained, the parties agree as follows:

1. **Broker Responsibility:**

Broker shall perform all of the following items at Broker’s sole expense and Broker further agrees to these conditions in addition to the other promises, representations and covenants contracted herein:

- A. Submit to DMC completed loan application packages for applicants under such programs, products and fee schedules as DMC periodically may establish.
- B. Furnish to DMC applicant’s credit, financial and other information DMC may require.
- C. Provide such information as DMC may reasonably request to assist DMC in marketing such Loans to the secondary market.
- D. Perform such other services as DMC shall require to close such Loans.
- E. Broker acknowledges that the content of Loan packages submitted to DMC immediately shall become the property of DMC, and all information contained therein may be subject to DMC’s independent verification.
- F. Broker agrees to comply with all applicable local, and state and federal law, including, but not limited to, Real Estate Settlement Procedure Act, the Equal Credit Opportunity Act, the Truth In Lending Act, the Fair Credit Reporting Act and any other governmental regulatory requirements relevant to the brokerage of real property secured loan applications.

2. **Broker Warranties:**

Broker represents and warrants to DMC **both** at the time any Loan package is submitted to DMC, and at the time that any Loan is funded and closed, that:

- A. Broker is duly licensed to do business in the state identified in Broker’s Application as Broker’s main office address and possesses and agrees to maintain as valid, all necessary licenses, permits and authority to engage in activities contemplated by this Agreement.
- B. Broker, if it is a corporation, limited liability company, limited partnership or limited liability partnership, is duly organized, validly existing and in good standing under appropriate state laws, and has full power and authority to own its assets and carry its business as it is now being conducted, and is duly qualified to transact business as a foreign entity in all states where such qualification is required.
- C. Broker has the requisite authority and capacity to enter into this Agreement.
- D. None of the statements or information contained in any Loan package contains any untrue or erroneous statement or omission of a material fact, which would in any way affect DMC’s Loan application review and approval processes. Broker understands that by making the warranty contained in this paragraph, Broker is warranting the accuracy of all information contained in any Loan package submitted to DMC to the best of Broker’s knowledge, after due and proper investigation.
- E. Unless disclosed to DMC in writing before the funding of any Loan, Broker shall not receive any direct or indirect compensation from any third party with respect to the Loan, including, without limitation, payment involving escrow, appraisal or sale. Broker shall have no direct or indirect ownership of any property acting as security for the Loan being reviewed by DMC for purposes of purchase.

- F. All real estate appraisals made in connection with each Loan have been performed in accordance with DMC's Underwriting Guidelines and with industry standards in the area where the appraised property is located and on the FNMC/FHLMC Form and any riders thereto.
- G. All Loan applications submitted to DMC have been originated and prepared by trained and licensed (as necessary) employees of Broker, competent in all aspects of mortgage lending activities. All Loan applications have been properly originated, prepared and completed in accordance with the procedures and guidelines of DMC. Further, Broker agrees to deliver to DMC any and all exhibits or documents contained or prepared by Broker in connection with each Loan submitted.
- H. In procuring the loan, Broker has used a form of good faith estimate provided by DMC electronically as part of the loan closing package provided by DMC and used exclusively in connection with the loan (the "GFE"). Broker has given the borrower a full opportunity to review and ask questions concerning the GFE. The GFE referenced above is the exclusive good faith estimate with respect to the loan and, as such, supersedes, replaces and terminates any and all prior good faith estimates or any other discussions between Broker, DMC and/or the borrower with respect to the matters set forth in the GFE.
- I. Broker has taken the necessary steps to ensure that there has been no material change in the condition of any loan applicant from the time the Loan application was submitted to DMC and the time of the closing of such Loan.
- J. Broker has performed such independent investigation of the loan applicant and the materials and information provided by the applicant to enable Broker to make the representations and warranties provided herein.
- K. Broker adequately supervises its employees, agents or independent contractors involved in Broker's activities as contemplated herein and Broker takes all steps necessary to ensure that goods or services provided by such employees, agents or independent contractors are in compliance with all applicable laws and the terms and conditions of this Agreement. As between Broker and DMC, Broker assumes full responsibility for all actions performed by Broker's employees, agents and independent contractors.
- L. Broker is not aware of any change in the intent or structure of the Loan. Broker has taken no action to alter the Loan structure between the time the loan application is submitted to DMC and the closing of such Loan.
- M. The Loan documents are duly executed by all necessary parties, appropriately acknowledged and in recordable form. Loan documents delivered to DMC by Broker constitute the entire agreement regarding the Loan, and there is no verbal understanding or written modification which would affect the terms of Loan.
- N. Broker is the sole owner of the Loan and has authority to sell, transfer and assign the same on the terms set forth herein and there still has been no assignment, sale or hypothecation thereof by Broker.
- O. All federal and state laws, rules and regulations applicable to the mortgage Loans have been complied with, including but not limited to the Real Estate Settlement Procedures Act, the Flood Disaster Protection Act, the Federal Consumer Credit Protection Act including the Truth-in-Lending and Equal Credit Opportunity Acts, and all applicable statutes or regulations governing fraud, lack of consideration, unconscionability, consumer credit transactions or interest charges.
- P. Broker has no knowledge of any circumstances or conditions with respect to any Loan, mortgaged property, trustor/mortgagor or trustor's mortgagor's credit standing that reasonably could be expected to cause 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 the Loan.
- Q. Each Loan is a valid first lien or, if specifically approved by DMC, a valid second lien on the mortgaged property, and the mortgaged property is free and clear of all encumbrances and liens having priority over the lien of such Loan, except for the first lien, if applicable, and liens for real estate taxes and special assessments not yet due and payable and those exceptions allowed in connection with Government Loans and other exceptions expressly agreed to by DMC.
- R. The mortgaged property is free and clear of all mechanics' and materialmen's liens or liens in the nature thereof, and no rights are outstanding than under law would give rise to any such lien, nor is Broker aware of any facts which could give rise to any such lien.
- S. No Loan is the subject of, and Broker is not aware of any facts which could give rise to, litigation which could affect DMC's ability to enforce the terms of the obligation or its rights under the mortgage documents.
- T. There is in force for each Loan valid hazard insurance policy coverage and, where applicable, valid flood insurance policy coverage, and such coverages meet the requirements of DMC.
- U. Broker will record the corporate assignment in the name of DMC at the time the deed of trust/mortgage is recorded, and the assignment of the Loan from Broker to DMC shall be valid and enforceable.

- V. The borrower has no rights of rescission, set-offs, counter-claims or defenses to the note or deed of trust; mortgage securing the note arising from the acts and/or omissions of Broker.
- W. Broker has no knowledge that any improvement located on or being part of the mortgaged property is in violation of any applicable zoning law or regulation.
- X. All improvements included for the purpose of determining the appraised value of the mortgaged property lie wholly within the boundaries and building restriction lines of such property, and no improvements on adjoining properties encroach upon the mortgaged property.
- Y. There is no proceeding pending for total or partial condemnation of any mortgaged property and said property is free of substantial damage (including, but not limited to, any damage by fire, earthquake, windstorm, vandalism or other casualty) and in good repair.

3. **Broker Independent Contractor:**

Broker acknowledges that nothing in this Agreement shall be construed to create a joint venture between Broker and DMC. In addition, nothing in this Agreement shall be construed to cause Broker to become or to be treated as a partner, agent, representative, or employee of DMC, and Broker shall not hold itself out as such. Broker may not use DMC's name in any advertising medium. Broker agrees that it shall conduct any and all business activities with DMC in the capacity of an independent contractor. As an independent contractor to DMC, Broker shall determine the method, details and means of performing of all services described within this agreement.

4. **Indemnification of DMC**

As additional consideration for DMC entering into this Agreement with Broker, Broker shall indemnify and hold DMC, its shareholders, directors, officers, agents and attorneys, employees, successors and assigns, harmless from and against and shall reimburse the same with respect to, any and all loss, damage, liability, cost and expense, including reasonable attorney's fees, incurred by reason of or arising out of or in connection with; whether the result of negligence or intentional conduct or otherwise, as follows:

- A. Any breach of any representation or warranty contained in this entire Agreement;
- B. Broker's failure to perform any obligation hereunder, and
- C. Any claim by an applicant resulting from DMC's failure or refusal to fund a loan. Without limiting generality of the foregoing, Broker's indemnity shall extend to all repurchase demands of any third party to which DMC has sold any loan where Broker has violated representations or warranties set forth herein.

5. **DMC Has Sole Discretion to Approve Loans:**

Loan approval shall be within DMC's sole discretion. Broker shall not represent that DMC has approved or will approve any Loan until Broker is so informed by DMC in writing. In the event that a loan application is denied, DMC shall cause to be delivered to Broker a statement of credit denial, termination or change. Broker agrees to conform to regulations of the Equal Credit Opportunity Act.

6. **Repurchase:**

- A. In addition to its obligations to indemnify under paragraph 4, Broker shall repurchase any Loan sold to DMC pursuant to this Agreement, within twenty business days of receipt of written notice from DMC of any of the following circumstances (the "Repurchase Obligation"):
  - 1. Broker fails to deliver to DMC within seven (7) days from the date each Loan was purchased the original documents evidencing the Loan.
  - 2. DMC determines that there is any evidence of fraud in the origination of the Loan or in the sale of the Loan to DMC or that any matter in the mortgage loan file is not true and correct.
  - 3. If DMC determines the Loan is not eligible for GNMA, FNMA or FHLMC pool participation or whole loan purchase or purchase by a private investor, or, if DMC has sold such Loan in whole or in part to GNMA, FNMA, FHLMC or a private investor, and GNMA, FNMA, FHLMC or the private investor requires DMC to repurchase said interest or reimburse it for losses, or the mortgage insurer denies coverage on the Loan; provided the reason for such ineligibility, repurchase, reimbursement or denial shall be unrelated to any act or omission of DMC.
  - 4. If the first payment due DMC or its assignee under the Loan is not received by DMC or its assignee, whether from the borrower directly or forwarded by Broker if the Borrower has submitted the payment to Broker, by the last day of the month in which it is due, and, in addition, at any time within the first twelve months after the Loan has been purchased by DMC, the Borrower is 90 days delinquent with respect to a monthly payment. For this purpose a Borrower shall be considered to be 90 days delinquent on a monthly payment if it is not received by DMC, or its assignee by the last day of the third month, regardless of

the number of days in the month. For example, if the Borrower has not made his/her January payment by the last day of March, the Borrower shall be considered 90 days delinquent with respect to the January payment. Broker shall not have the right to advance funds for or on behalf of a Borrower for any delinquent payment or to otherwise make funds available to any Borrower to avoid or cure a default by the Borrower. A payment for which DMC deducted funds at the time it purchased the Loan from Broker shall not be considered the first payment due DMC.

5. More than 80% of the original principal amount of the Loan is paid, by refinancing or otherwise, within 180 days of the funding of the Loan.
  6. Broker fails to observe or perform or breaches in any material respect any of the representations, warranties or agreements contained in this Agreement with respect to a particular Loan.
- B. The option to request or accept repurchase of any Loan is at the sole discretion of DMC. The repurchase price for Loans subject to a Repurchase Obligation pursuant to this Section 6 shall be as follows:
1. The current unpaid principal balance of such Loan; plus
  2. All interest accrued but unpaid on the principal balance of the Loan from date the loan was funded through and including the last day of the month in which the Broker repurchases the Loan; plus
  3. All expenses, including but not limited to reasonable fees and expenses of counsel, incurred by DMC in enforcing Broker's obligation to repurchase such Loan; plus
  4. All expenses, including reasonable attorneys' fees, incurred in enforcement of the borrower's obligations under the Note, including foreclosure costs and fees; plus
  5. Any costs, expenses, fees or penalties paid by DMC to GNMA, FNMA, FHLMC or a private investor in connection with any repurchase by DMC of the Loan, or in connection with DMC's inability to sell the Loan; plus
  6. Any servicing release premium paid by DMC with respect to such Loan; plus
  7. Any unreimbursed advances of taxes or insurance made by DMC with regard to such Loan as of the date of repurchase; less
  8. Any proceeds of mortgage insurance with respect to the Loan collected by DMC.
- Upon any such repurchase of Loans by Broker, DMC shall endorse the promissory note (without recourse) and shall assign any security interest (without recourse and in recordable form) to Broker.
- C. It is agreed by the parties that Broker's Repurchase Obligation with respect to a Loan shall not be obviated by the fact that the property securing the Loan has been foreclosed upon and said property has been acquired by DMC or a third party, it being understood that the term Repurchase Obligation encompasses within its meaning the repurchase of the property from DMC if DMC has acquired the property, or, if a third party has acquired the property, reimbursing DMC in the amount specified in Section 6.B. of this Agreement.
- D. It is further agreed by the parties that if DMC has made demand on Broker to repurchase a Loan pursuant to this Section 6 of this Agreement, DMC shall have the right to withhold any monies due Broker in connection with the Loan(s) subject to the Repurchase Obligation or any other Loans until the parties have agreed that the Repurchase Obligation is satisfied.

7. **Change in Underwriting Standards:**

Broker agrees that should DMC's underwriting standards be amended at any time that Broker shall comply with all underwriting guidelines and modifications thereto. In the event DMC purchased a Loan, which does not comply with its underwriting guidelines, the exception must be pre-approved in writing by DMC. DMC may purchase such nonconforming loans at DMC's option and sole discretion. However, DMC will not be obligated to purchase any loans, which do not conform to said guidelines.

8. **Inspection Rights of DMC:**

Broker agrees to keep and maintain such books and records so as to meet and comply with all applicable federal and state laws and regulations. Broker hereby grants permission and authority to DMC to audit Broker's books and records and to order investigative credit reports on Broker and its principals, employees, and agents as deemed necessary in the sole discretion of DMC. Broker understands that DMC and/or the loan purchasers of DMC will maintain an active Quality Control System and that DMC will routinely re-verify pertinent credit documentation and appraisals submitted by Broker.

9. **Early Pay-off:**

Broker acknowledges and agrees that, if a Loan is refinanced or substantially paid within 6 months of funding, DMC will suffer damages or costs as a result of such early pay-off. Without limiting any other obligations under this Agreement, Broker agrees that if more than 80% of the original principal balance of

any Loan is paid, by refinance or otherwise, within 180 days of the funding of such Loan, Broker will pay to DMC, within seven (7) days of notice from DMC, all costs, fees, damages or penalties suffered by or incurred by DMC as a result of such early pay-off.

10. **Survival of Representation and Warranties upon Termination:**

It is expressly understood that all representations, promises and warranties made by Broker pursuant to this Agreement shall survive any termination of this Agreement, whether voluntary or for cause. This Agreement may be terminated by either party upon written notice to the other party; but the provisions of this agreement will survive such termination as said provisions relate to loan packaging requirements described herein for any loans provided to DMC before termination.

11. **Notice:**

All notices required herein 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 deposit, if delivered by a nationally recognized courier service offering guaranteed, overnight delivery; or
- C. Three business days after deposit in the United States mail, certified mail, postage prepaid, return receipt requested, to the addresses appearing in paragraph 19.

12. **Disclosure of Information:**

Broker understands and agrees that DMC may report to others instances of Broker making any written material misstatement and/or omission of any material fact concerning any loan application and/or knowingly aiding an applicant to do the same. At the sole discretion of DMC this information may be reported to the appropriate state and federal governmental agencies and/or other persons to whom DMC may legally provide such information.

13. **No Assignment of Broker's Rights or Duties:**

Broker shall not have the right to assign any of its duties, obligations, or rights under this Agreement without the prior written consent of DMC.

14. **Attorney's Fees:**

If any legal action or proceeding is brought for the enforcement of this Agreement, or because of any alleged dispute, breach, default or misrepresentation in connection with any of the provisions of the Agreement, the successful or prevailing party or 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 otherwise entitled.

15. **Governing Law:**

This Agreement is entered into and shall be governed by and construed under the laws of the State of Utah. In the event of any legal action to enforce or interpret this Agreement, the sole and exclusive venue shall be a court of competent jurisdiction located in the Salt Lake County, State of Utah, and the Parties hereby agree to and do hereby submit to the jurisdiction of such court.

16. **Entire Agreement:**

This Agreement constitutes the entire Agreement between the parties pertaining to the subject matter contained herein and supersedes all prior and contemporary agreements, representations and understandings between the parties hereto. No supplements, modifications or amendments shall be binding unless executed by both parties, except where DMC has been specifically granted the right hereunder to unilaterally amend the terms and conditions of this Agreement.

17. **Enforceability of Agreement:**

If any provision of this Agreement is held invalid, void or unenforceable, the remaining provisions hereof shall nevertheless continue in full force without being impaired or invalidated in any way.

18. **Further Acts of Parties:**

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.

19. **Incorporation of Exhibits:**

All exhibits to this Agreement are incorporated herein by this reference and are considered a part of the Agreement. It is the intention of the parties herein that this Agreement shall be construed under and according to the substantive laws of the State of Utah and shall not be binding until executed by DMC. All questions

regarding the validity, interpretation or performance of any of its terms, representations and warranties, or any rights or obligations of the parties shall be governed by the laws of the State of Utah.

20. **Addresses of Notices:**

All notices required to be given hereunder must be directed as follows:

If to DMC:

Direct Mortgage Corp.  
6955 South Union Park Center, Suite 540  
Midvale, UT 84047  
Attn: Broker Department

If to Broker:

To the address identified as Broker's main office in the Broker Application submitted by Broker.

21. **DMC's Right of Offset:**

Broker agrees that DMC may, at its option and in its sole discretion, offset amounts owed to Broker and withhold payment to Broker of any amounts otherwise payable by DMC to Broker, amounts equal to any amount owed by Broker to DMC pursuant to this Agreement.

22. **Captions:**

Any captions hereunder are for convenience or reference only and are not to be construed to be confining or limiting in any way upon the scope of the provisions hereof.

23. **Waiver:**

The waiver of any breach, term, provision or condition of this Agreement shall not be a waiver of any other or subsequent breach of any term, provision or condition. All remedies afforded by this Agreement hereof shall be cumulative; that is, in addition to all other remedies provided for herein or in law or in equity.

24. **Use of "DirectWare"**

- A. System and Software. Subject to the terms and conditions of this Agreement, DMC grants to Broker the non-exclusive, non-assignable right, during the term of this Agreement, to use (i) the electronic mortgage information transaction system owned by DMC and known as DirectWare (the "System"), and (ii) the System software, any updates and enhancements of such software which are made available by DMC to Broker, and all code and controls contained in the Web Site, as well as any subsequent code which may be written in any programming language (collectively, the "Software"), without change, along with any reports or other printouts generated by the Software in the course of its normal operation ("Output"), any documentation related to the Software, and any copies of the foregoing which Broker is permitted to make pursuant to the terms of this Agreement and the Guide. Broker may only access the System using the Software via the Internet through the DMC Web Site (the "Web Site"), and will cause to be entered into the System only data regarding the Loans, subject to any limitations set forth in Guide. Broker's use of the System is subject to all provisions of this Agreement and all instructions as may be communicated by DMC from time to time in writing, including, without limitation, restrictions on the use of the System. Broker shall not: (a) decompile, disassemble, reverse engineer, or otherwise determine or attempt to determine source code for the executable code of the Software or any information, products or services obtained from the Web Site (collectively, the "Products"), (b) rent, lease, transfer, sell, publish, license, distribute or otherwise transfer any rights to the Products; (c) modify, translate, enhance, maintain, or create derivative works based on the Products; (d) except to the extent necessary to use the System for the sole purpose set forth in this Section 24.A., modify, copy, distribute, transmit, display, perform or reproduce the Products; (e) except to the extent otherwise provided in this Agreement or consented to by DMC in writing, permit any third parties to use the System, either directly or through Broker; (f) use the System for any purpose other than the purpose for which DMC has developed the System; or (g) copy, download, or otherwise access the System software except as such operations are performed by the Software in the course of its normal operation.
- B. System Ownership. Broker acknowledges that it has no ownership or other interest or license in the System or Software, except to the extent of the rights expressly granted herein. Title, ownership rights, and intellectual property rights (including all applicable rights to copyrights, trade secrets,

patents, and trademarks) in and to the System and Software and any modifications or enhancements made to the System or Software belong to and will remain with DMC.

- C. Procedures for Broker's Use. Broker hereby agrees that the Web Site shall be used by Broker's authorized employees only. DMC shall provide Broker access to the System. Broker shall be solely responsible for (i) preventing unauthorized use of the identification numbers and passwords, (ii) unauthorized use of the System in connection with Broker's identification numbers and passwords, and (iii) controlling access to the System and implementing effective security measures. DMC shall have no liability with respect to any such unauthorized use. Broker shall list Broker's authorized users, and ensure that each individual identification number and password is used only by the person identified in the System. Broker will permit DMC to audit or review Broker's controls and procedures relating to the access and security of the System.
- D. Broker's Obligation to Review System Input Daily. Broker acknowledges and agrees that it will be solely responsible for reviewing on a daily basis the data it inputs into the System and for disputing inaccurate or erroneous data, and the actions DMC takes based upon such inaccurate or erroneous data, within one business day of the date on which such data was input into the System by Broker. Broker agrees that DMC will have no liability whatsoever arising out of or related to inaccurate or erroneous data which is not disputed within the time period set forth above.
- E. Broker's Obligation to Submit Loans through the System. Broker acknowledges and agrees that Broker must submit all Loans to DMC through the System to the extent the System supports the applicable loan program and/or product. The loan programs and/or products supported by the System may be expanded or reduced from time to time and DMC will notify Broker of the new loan programs and/or products supported by the System as they change. All rate locks shall have the same force and effect as a rate lock received by DMC's Rate Lock Desk via telephone or facsimile in accordance with the applicable terms set forth in this Agreement and the Guide. Broker's Master Commitment price breaks will not apply to rate locks issued through the System. Broker acknowledges that all rate locks are subject to changes if, upon review of the Data (as defined below), DMC determines, in its sole and absolute discretion, that the Data is incomplete or is not supported by the loan documents, or any other documents that DMC receives from Broker or otherwise obtains in connection with the Data verification process.
- F. System Fees. Broker will not be assessed a fee for the use of the System; provided, however, that DMC, in its sole and absolute discretion, reserves the right to charge a fee for use of the System at a future date. In the event that DMC commences charging a fee for use of the System, DMC shall provide Broker thirty (30) days' prior written notice of such fee. Broker shall have the right to terminate this Agreement upon receipt of DMC's notice regarding the charging of such fee.

25. **Amendments:**

DMC may amend the terms of this Agreement at any time on thirty (30) days notice to Broker. By accessing the System through DMC's Web Site, or otherwise submitting any loan or loan application to DMC after the effective date of any amendment, as stated in notice by DMC to Broker, Broker accepts any such modification and agrees to be bound by the terms thereof. Broker acknowledges and agrees that such notice may, in addition to the options described in paragraphs 11 and 20 hereof, be given by DMC by notice on DMC's Web Site, accessible by Broker. Without limiting the foregoing, Broker agrees that, in the event DMC posts on the Broker-accessible portion of DMC's Web Site modifications or changes to this Agreement, such modifications will be effective as to Broker thirty (30) days after Broker first accesses DMC's Web Site with such changes, if not earlier effective.

26. **Acceptance of Agreement:**

By accessing the System through DMC's Web Site, or otherwise submitting any loan or loan application to DMC, Broker accepts this Agreement and agrees to be bound by the terms stated herein.

27. **Effective Date:**

This Agreement is effective on acceptance, as described in paragraph 26 above.

857045

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

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