



BROKER APPROVAL APPLICATION

PLEASE SEND COMPLETED & SIGNED DOCUMENT TO YOUR ACCOUNT EXECUTIVE



Southwest Funding, LP (NMLS #32139) is an equal housing lender. This is not a commitment to lend or extend credit. Programs, rates, terms and conditions are subject to change without notice. Terms and conditions apply. All rights reserved. Contact us for details. Consult your accountant about tax deductions.

BROKER APPROVAL SUBMISSION CHECKLIST

Broker Name:

Broker NMLS:

- Completed and executed broker application.
- Confirm all information is complete and legible.
- List of authorized loan officers.
- Resumes for all owners and principal officers.
- Completed and executed Broker Agreement
 - Pg 1: full company name
 - Pg 3: lender paid compensation.
 - Pg 12: insert contact for notices.
 - Pg16: signed (*eSignature is acceptable*)
- Financial statements for the last full fiscal year, signed by authorized officer of the company.
 - Balance sheet
 - Profit and Loss statement
- Completed and signed W9 for broker (*must be current year*)
- Company formation documents
 - Articles of incorporation
 - Partnership agreements
 - Fictitious business name statement (*if applicable*)
- Fair Lending Policy
- Quality Control Policies and Procedures

Notes:

Date Submitted for Approval:

Account Executive:

TPO SETUP FORM

Date of application:

Company legal name:

Company DBA:

If applicable

Company tax #:

Date of Incorporation:

Entity type: Individual
 Corporation
 Partnership

Sole Proprietorship
 Limited Liability Company
 Other:

Company address:

Company phone:

Company website:

Broker NMLS:

VA#:

FHA#:

Company manager:

Primary contact:

Primary contact email:

Phone number:

USER INFORMATION

Number of users:

Full legal name:

Email address:

Phone number:

Role:

NMLS: *If applicable.*

Full legal name:

Email address:

Phone number:

Role:

NMLS: *If applicable.*

Full legal name:

Email address:

Phone number:

Role:

NMLS: *If applicable.*

Full legal name:

Email address:

Phone number:

Role:

NMLS: *If applicable.*

Full legal name:

Email address:

Phone number:

Role:

NMLS: *If applicable.*

Full legal name:

Email address:

Phone number:

Role:

NMLS: *If applicable.*

Approved by:

Date approved:

SOUTHWEST FUNDING MORTGAGE BROKERAGE AGREEMENT

This Mortgage Brokerage Agreement (the “Agreement”) is entered into by and between Southwest Funding, LP, a Texas limited partnership (“Lender”), and _____ (“Broker”), a (“Broker”), this _____ day of _____, 20_____.

WHEREAS Lender is in the business of, among other things, originating, purchasing, and selling residential mortgage loans secured by a first or subordinate lien on a 1-4 family dwelling.

WHEREAS Broker is in the business of, among other things, aiding and assisting applicants in obtaining residential first and second mortgage loan financing from lenders; and

WHEREAS, Lender and Broker wish to establish a nonexclusive relationship whereby Broker will submit loan application packages (“Applications”) to Lender for first and 1-4 family residential mortgage financing on behalf of Broker’s customers (“Applicants” or “Borrowers”) for loan approval determination and possible funding by Lender, and upon such terms and conditions set forth in this Agreement and in Lender’s product guidelines, rate sheets and other written manuals and publications, as amended from time to time, which is made a part of this Agreement and incorporated herein; and

WHEREAS Lender and Broker wish to set out the terms of their relationship in this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein, and other good and valuable consideration, the receipt of sufficiency of which are hereby acknowledged, Lender and Broker agree as follows:

AGREEMENT

1. Loan Programs and Pricing.

- 1.1. **Mortgage Loan Programs.** Lender may distribute information to Broker from time to time with respect to the types of mortgage loan programs it offers (“Loan Programs”) along with the methods by which Applications for such Loan Programs may be submitted. Lender will accept only those Applications eligible for the Loan Programs offered by Lender. Broker will be entitled to have Applications processed only upon submission to Lender of such additional information and documents as required by Lender. Broker acknowledges that Lender reserves the right to alter, add, or delete Loan Programs from time to time and Broker accepts responsibility for knowing which Loan Programs are offered by Lender at any given time. Broker shall be responsible for assuring that each Application submitted complies with all the terms and conditions of the applicable Loan Program at the time Broker submits the Application to Lender.
- 1.2. **Mortgage Loan Pricing.** Lender may periodically issue Broker pricing information (“Pricing Sheet”) applicable to Loan Programs it offers. Each Pricing Sheet is subject to change without notice. Broker shall comply with Lender’s pricing policies and guidelines, including but not limited to those concerning interest rates and lock-ins which apply to the Loan Program offered by Lender.

2. **Broker Duties and Responsibilities.**

- 2.1. Taking Applications and Issuing Disclosures.** Broker shall take applications for the Loan Programs at its offices in its own name through its employees (each of whom shall be employed by Broker on a W-2 basis). At the time of taking such applications, Broker shall provide all applicable broker disclosures that comply with all applicable laws and regulations. Broker may not submit third- party originations to Lender.
- 2.2. Submitting Applications.** Broker shall submit each Application to Lender in the manner communicated to the Broker in writing by the Lender, as revised by Lender from time to time. Each application submitted to Lender shall be subject to strict compliance with (i) the terms and conditions contained in this Agreement, (ii) the Broker Policies,¹ and (iii) any other communications, announcements, or guidelines provided by Lender to Broker from time to time. Each application shall include all applicable broker disclosures signed as of the date of applications by Applicant and Broker; the Uniform Residential Loan Application (Form 1003) signed by the Applicant; and such credit, financial, and other information set forth and requested by Lender from time to time. Broker shall assist Lender in obtaining any additional information required by Lender or to otherwise facilitate the underwriting and closing of the loan transaction.
- 2.3. Performance of Broker Services.** In addition to taking information from Applicant, completing, and compiling the Application, and providing and explaining the broker disclosure(s) to Applicant, Broker shall perform the following services for every loan Application submitted to Lender:
- Analyze the Applicant's income, debt, and pre-qualify the Applicant to determine the maximum loan amount that Applicant can afford;
 - Educate the Applicant in the home buying and financing process, advising the Applicant about the different types of loan products available, and demonstrating how closing costs and monthly payments would vary under each product;
 - Collecting financial information, such as tax returns and bank statements, and other related documents that are part of the application process;
 - Initiating/ordering verifications of employment (VOEs) and verification of deposits (VODs);
 - Initiating/ordering requests for mortgage and other loan verifications;
 - Initiating/ordering appraisals;
 - Providing state and broker disclosures to prospective Applicants as required by applicable laws;
 - Assisting Applicants in understanding and addressing credit problems;
 - Maintaining regular contact with Applicants, real estate agents, and Lender between application and closing to apprise them of the status of the Application and to gather any additional information as needed;
 - Initiating/ordering legal documents (e.g., title reports and closing packages);
 - Analyzing the information provided by Applicant and confirming that the Applicant's Application complies with applicable laws; and
 - Providing such other services as may be required on a particular loan transaction.

¹ Broker Policies means the Southwest Funding, LP's TPO Policies and Procedures, as amended and supplemented from time to time. The parties understand and agree that the Broker Policies are incorporated into this Agreement by reference. Broker agrees that Southwest Funding, LP reserves the right to amend or supplement the Broker Policies at any time and from time to time in its sole and absolute discretion. Southwest Funding, LP shall furnish Broker with any such amendments or supplements pursuant to the notice provision in Section 10.2 of this Agreement, which shall become effective immediately unless a later effective date is specified by Southwest Funding.

2.4. Conditions Precedent for Broker Compensation. Any fee payable to Broker for its provisions of goods, services or facilities for certain mortgage loans shall be paid in accordance with the terms of this Agreement and applicable law, and only in connection with a particular mortgage loan if each of the following conditions is met:

- Broker has provided necessary goods, services, and/or facilities in connection with the mortgage loan;
- Broker is in compliance with all applicable federal state, and local laws and regulations and all of the terms of this Agreement and has submitted fully compliant and executed copies of all required disclosures with the Application;
- Broker has submitted an executed mortgage loan origination agreement between Broker and Applicant that satisfies the requirements of applicable law;
- On each loan, Broker’s compensation, any fees and charges paid to Broker, and/or fees and charges paid to third parties for services ordered by Broker, may not be greater than the amount set forth in the Loan Estimate, as that term is used in 12 CFR 1026.37;
- Broker has performed, at a minimum, the services required under Section 2.3 of this Agreement; and
- Lender-paid compensation is permitted under applicable law and does not violate any duty or obligation owed to the Applicant and shall not be greater than that allowed under applicable state, federal, and local law (including, but not limited to, FHA guidelines, as applicable). Total compensation earned by Broker from all sources will constitute a reasonable payment for the goods, facilities, and services actually provided by the Broker and Broker will not retain duplicatable payments for any of these goods, fees, or services.

2.5. Compensation. For every Application submitted to Lender, Broker must choose a compensation type of either Borrower-Paid Compensation or Lender-Paid Compensation at the time of submitting the loan to Lender. Brokers may only receive compensation on any mortgage loan submitted to Lender from either the Borrower (“Borrower-Paid Compensation”) or from Lender (“Lender-Paid Compensation”), but never from both. Broker may switch from Lender-Paid to Borrower-Paid or visa-versa only once per loan.

2.5.1. Borrower-Paid Compensation. When Broker chooses Borrower-Paid Compensation, Broker shall be paid by Borrower(s) at the time of closing using Borrower(s)’ own funds, loan proceeds, interested party contributions, or seller concessions. Broker is responsible for negotiating the compensation directly with Borrower(s). The amount of Borrower-Paid Compensation may vary on each loan submitted, but it may **never** exceed the amount of Lender-Paid Compensation Broker would receive on such transactions. When Borrower-Paid Compensation is chosen by Broker, Broker may not receive any compensation directly or indirectly from any party other than Borrower whatsoever, including Lender.

2.5.2. Lender-Paid Compensation to Broker. When Broker chooses Lender-Paid Compensation, Lender shall pay to Broker a fee, at the time of closing for any mortgage loan Broker has submitted to Lender and for which the conditions in Sections 2.3 and 2.4 of this Agreement are met. For each mortgage loan, such fee shall be calculated by multiplying [select only one]

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|-------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| <input type="checkbox"/> .25% | <input type="checkbox"/> .75% | <input type="checkbox"/> 1.25% | <input type="checkbox"/> 2.25% | <input type="checkbox"/> 2.75% |
| <input type="checkbox"/> .50% | <input type="checkbox"/> 1.00% | <input type="checkbox"/> 1.50% | <input type="checkbox"/> 2.00% | <input type="checkbox"/> 2.50% |

by the of the initial principal balance advanced by Lender under each such mortgage loan plus a flat fee amount for each mortgage loan in the amount of \$ (not to exceed \$500). In no event such fee shall be less than \$ or greater than \$ on a given mortgage loan. In addition, in no event shall the total Lender- Paid compensation to Broker (percent plus flat fee) exceed the Lender's 2.75% limitation on Broker compensation.

- 2.5.3. **No Compensation Based on Loan Terms.** Broker acknowledges and agrees that any compensation paid by Lender to Broker shall in no event be based on loan interest rate(s) or other loan-specific terms or expenses.
- 2.5.4. **Disclosing Compensation.** Broker agrees that all compensation received by Broker on mortgage loans submitted to Lender from any source whatsoever shall be accurately and fully disclosed to Borrower in accordance with applicable federal, state, and local laws and regulations.
- 2.5.5. **No Dual Compensation.** Notwithstanding the foregoing, in no event shall compensation be due and owing to Broker or paid by Lender, if Broker is paid any Loan compensation directly from the Borrower or any other third party.
- 2.5.6. **Anti-Steering.** Broker hereby agrees that it will not "steer" an Applicant to a loan product offering less favorable terms to increase Broker's compensation and shall provide Applicant with an Anti-Steering Loan Option Disclosure in accordance with applicable law.
- 2.5.7. **Loan Officer Payments.** Broker shall be solely responsible for payment of compensation and wages to its employees and loan officers. Broker hereby warrants and agrees that it executes written agreements with its employees that are Loan Originators under Regulation Z (12 C.F.R. § 1026.36), and that all compensation paid by Broker to its loan originators shall comply with the loan originator compensation rules in Regulation Z and all applicable federal, state, and local laws and regulations.
- 2.6. **Communications with Applicant.** Broker shall be responsible for all communications with Applicants. Broker shall promptly deliver to such Applicants any documents prepared by Lender and intended for delivery to Applicants regardless of the way such documents are delivered to Broker.
- 2.7. **Loan Rescission, Reimbursement of Fees.** If Broker has collected any fees from an Applicant, including any fees payable to a third party, in connection with a mortgage loan that (i) is rescinded by the Applicant pursuant to applicable state or federal law or regulation, or (ii) does not fully comply with applicable state or federal law or regulation, Broker shall promptly refund all such fees that are required to be refunded to Applicant.
- 2.8. **Assignment.** Upon acceptance of a submitted Application by Lender, all of Broker's rights, title, and interest in the mortgage loan file and all its contents shall be automatically assigned, transferred, and conveyed to Lender.
- 2.9. **Broker's Consent to Reissue Consumer Credit Reports.** Lender may request consumer credit reports as a potential investor in connection with Broker's submitted Application(s) in the evaluation or assessment of such Application(s) and subsequent approval(s) or denial(s) thereof. Broker expressly consents to Lender's reissuance of consumer credit report(s) initially requested by Broker for Applicant(s).

- 2.10. Non-Solicitation/Early Loan Payoff.** Neither Broker nor its officers, directors, agents, employees, or affiliated entities shall, for a period of 180 days from the date of funding of any mortgage loan made by Lender, solicit an Applicant for the purpose of making a new loan or other credit transaction which would be secured by the same property which secures such Applicant's mortgage loan made by Lender. However, if an Applicant requests an additional loan or other credit transaction from Broker without solicitation by or on behalf of Broker, which loan or other credit transaction would be secured by the same property as the mortgage loan made by Lender. The term "solicit" as used herein shall not include mass advertising via newspaper, radio, television, or other similar forms of communication not specifically directed to the Applicant(s). Notwithstanding anything herein to the contrary, if any mortgage loan submitted by Broker to Lender pursuant to this Agreement is paid in full within 180 days from the date of funding, Broker shall pay to Lender all compensation paid to Broker in connection with such mortgage loan. Lender reserves the right to offset any amounts due hereunder, at any time and without prior notice, against any amounts due to Broker under this Agreement.
- 2.11. Appraisals.** Broker shall obtain real estate appraisals from those appraisers which are authorized by Lender and available through appraisal management companies engaged by Lender ("Authorized Appraisers"). Lender agrees to furnish Broker with a list of its approved appraisal management companies from time to time. Broker shall order all appraisals for Applications solely through an appraisal management company approved by Lender, which appraisal management company shall directly engage an Authorized Appraiser from time to time.
- 2.12. TRID Rule Acknowledgements.** In connection with this Agreement, Broker understands and acknowledges the following with respect to the lender-broker relationship and certain requirements covered by the TILA-RESPA Integrated Disclosure Rule, 12 C.F.R. 1026 (the "TRID Rule" or "TRID"). Broker acknowledges:
- An application under the TRID Rule is obtained when the Broker has collected the following pieces of information:
 - Consumer's name;
 - Consumer's income;
 - Consumer's social security number (to obtain a credit report);
 - property address;
 - Estimate of the value of the property; and
 - Mortgage loan amount sought.
 - Broker is required to submit/register the loan with Lender within 2 business days (as defined by the TRID Rule) from obtaining an application;
 - Lender will deliver the Loan Estimate.
 - Lender shall accept only those loan application packages which were submitted within two business days of receiving an application as defined within this Section 2.12. Broker shall be solely responsible for its failure to comply with this provision.
 - Broker acknowledges that if the actual settlement costs and fees associated with the closing of a mortgage loan are out of tolerance at closing, according to the applicable tolerance limitations in place at the time of closing and according to applicable rules and regulations under the TRID Rule, then Broker is responsible to correct and cure any such tolerance violations to the Borrower within thirty (30) days of the closing date;
 - Unless prohibited by applicable law, Broker further acknowledges that in consideration of Broker's responsibility to correct and cure tolerance violations associated with

quoted fees on the Loan Estimate, with respect to fees, charges, or other quotes that were attributed in any way to or by Broker and relied upon by Lender, Broker shall, at Lender's election, either (i) make such tolerance corrections out of the proceeds to be received by Broker in connection with the applicable loan, or (ii) broker shall reimburse Lender for any such tolerance violations at the closing of each such loan requiring such tolerance cure or upon Lender's later demand.

3. Duties of Lender.

3.1. Underwriting of Mortgage Loans. Lender or its agent shall underwrite every Application in accordance with the terms of this Agreement. Lender shall have no obligation to approve or close a mortgage loan which in its sole discretion does not meet Lender's underwriting requirements. In making its determination, Lender expressly disclaims any conclusions Broker may draw as to the general quality or acceptability of the Application. Lender retains the sole and absolute discretion to reject any Application which does not comply with the terms and conditions of this Agreement, or for any reason whatsoever (except any reason prohibited by applicable law), and to set the terms and conditions of any approval of an Application. Lender shall notify Broker of the disposition of an Application. Broker may not represent that Lender has approved or will approve any Application until Lender informs Broker in writing that it has done so. If Lender declines any Application, Lender shall notify the Applicant promptly and deliver the required adverse action notice to the Applicant in accordance with applicable state, federal, and local laws. Lender will have no obligation or liability to Broker for any mortgage loan which is not closed by Lender or for any delays in the processing or closing of any Applications.

3.2. Closing of Mortgage Loans. Lender shall close mortgage loans under the terms and conditions of its approval. Lender, or Lender's agent or attorney(s), shall prepare the closing package and close the mortgage loan Lender's name and with Lender's funds.

4. Representations, Warranties, and Covenants of Broker. As an inducement to enter into this Agreement and to consummate the transactions contemplated hereunder, the parties designated below make the following representations, warranties, and covenants to the other and any successor in interest to such other party under this Agreement as of the date hereof, as of each and every date Broker submits and Application to Lender, and as of the date any related mortgage loan is closed and funded by Lender. Each party shall be deemed to have relied upon such representations, warranties, and covenants, regardless of any independent investigation it may have made or may hereafter make.

4.1. Due Organization, Good Standing. Broker and Lender each covenant, represent, and warrant that it is duly organized, validly existing, and in good standing under the laws of the state governing its creation and existence during the time of its activities with respect to the origination and closing of the mortgage loans subject to this Agreement.

4.2. Authority and Capacity. Broker and Lender each covenant, represent, and warrant that it has all power, authority, and capacity legally required to enter into this Agreement and to perform the obligations required of it hereunder. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby have been duly and validly authorized by all necessary corporate officers, board members, or other governing body or persons of each party to this Agreement. This Agreement constitutes a valid and legally binding Agreement between the parties, enforceable in accordance with its terms.

4.3. Effective Agreement; No conflicts. The execution, delivery, and performance of this Agreement

by each party, its compliance with the terms hereof and consummation of the transactions contemplated hereby will not violate, conflict with, result in a breach of, give rise to any right of termination, cancellation, or acceleration under, constitute a default under, be prohibited by or require any additional approval under its articles of incorporation, bylaws, partnership agreement, or other applicable organizational documents or any instrument or agreement to which it is a party or by which it is bound, or any Law, or any judicial or administrative decree, order, ruling, or regulations applicable to it.

4.4. Compliance with All Applicable Laws. Broker has complied and shall comply, both in the conduct of business generally and in its origination of each mortgage loan, with all applicable laws and regulations (“Laws”), including without limitation, the Equal Credit Opportunity Act (“ECOA”) and Regulation B, including without limitation its requirements regarding non-discrimination; the Truth-in-Lending Act and Regulation Z; RESPA and Regulation X, the Bank Secrecy Act and 31 CFR Chapter X; the Fair Housing Act; the Gramm-Leach Bliley Act; the S.A.F.E. Mortgage Licensing Act and Regulations G and H; the Mortgage Acts and Practices-Advertising and Regulation N; the Fair Credit Reporting Act; and all applicable state and local laws and regulations governing mortgage lending and mortgage brokerage.

- 4.4.1. Broker represents and warrants that no mortgage loan submitted to Lender is (i) a High Cost Loan as that term is defined by the Home Ownership and Equity Protection Act (“HOEPA”), (ii) a Higher-Priced Mortgage Loan, as that term is defined under Regulation Z, (iii) a high-cost loan under any similar federal, state, or local law, or (iv) the mortgage loan does not fall into any other classification under state law which is not eligible for purchase.
- 4.4.2. Broker represents and warrants that it, and its mortgage loan originators are properly licensed or registered in all jurisdictions where required for the origination of mortgage loans as provided for in this Agreement and agrees to maintain all applicable licenses, registrations, and approvals in good standing during the term of this Agreement. Broker further represents and warrants that it shall not engage in any unfair, deceptive, or abusive acts or practices. Broker has not used and shall not use any affiliated vendors without disclosure of such relationship and the express written authorization by Lender.
- 4.4.3. Broker represents and warrants that it not only complies with all applicable state and federal laws, but that it has implemented and effectively maintains appropriate policies, procedures, internal controls, and training materials (“Compliance Program”) covering such laws. Failure by Broker to maintain a satisfactory Compliance Program will result in the termination of this Agreement. Failure by Broker to maintain satisfactory compliance with all laws will result in the termination of this Agreement. Broker regularly conducts appropriate training of its employees concerning such state and federal laws. Broker agrees to provide, upon Lender’s request, any policies, procedures, internal controls, training materials, and audit results related to Broker’s Compliance Program and the training of its employees.
- 4.4.4. Broker represents and warrants that it has implemented and will continue to maintain a satisfactory Anti-Money Laundering (“AML”) Program as required by 31 CFR Parts 1010 and 1029, including without limitation: (a) the development of an effective internal policies, procedures, and controls; (b) the designation of a qualified compliance officer; (c) an ongoing and compliant AML employee training program; and (d) an independent audit function to test the AML Program. Broker will perform all applicable obligations

under AML laws and regulations, and any amendment thereto, as to verifying the identity of each Applicant or client of Broker and the monitoring, recordkeeping, reporting and other applicable obligations regarding transactions and other activity with each Applicant. Broker shall ensure that it obtains an independent audit for compliance with AML laws and regulations, including independent testing, by a duly qualified and unrelated party or duly qualified and independent employee of Broker. For such information/records that it is legally unable to disclose, Broker shall make any and all information and records (including but not limited to policies, procedures, and audit reports) available to Lender upon request regarding Broker's compliance with its AML Program.

- 4.5. Notice of Threatened Actions.** Except as previously disclosed and acknowledged in writing by Lender, neither Broker, or any of its principals, officers, directors, managers, mortgage loan originators or underwriters, has been suspended, terminated, sanctioned, or issued any administrative order, cease and desist decree, or been the subject of regulatory action by FHA, VA, FNMA, FHLMC, GNMA, any mortgage insurance company, or any federal, state, or local regulatory authority. Broker shall immediately advise Lender in writing of any inquiry, material complaint, or pending or threatened action against it or any of its principals, officers, directors, managers, mortgage loan originators, or underwriters, by way of any proceeding or otherwise to revoke or limit any license, registration, permit, authorization, or approval issued or granted by any federal, state, or local government or quasi-governmental body, or any agency or instrumentality thereof, necessary for Broker, or any such related parties, to conduct its business or perform his/her functions, or to impose any penalty or other disciplinary sanction in connection therewith, or any other sanction that would materially affect Broker's business. In addition, in the event Broker receives any letter, notice or other writing ("Notice") from any regulatory agency with respect to any Application submitted to Lender, Broker shall advise Lender immediately of such Notice and deliver a copy of the Notice to Lender. Broker further warrants that no material complaints have been filed against Broker, or any of its principals, officers, directors, managers, mortgage loan originators or underwriters, alleging unfair or deceptive acts or practices and/or violation of applicable consumer protection laws, and will notify Lender immediately in the event of any such occurrence.
- 4.6. Litigation.** Except as previously disclosed in writing to and acknowledged in writing by Lender, Broker is not a party to (i) any pending, or to Broker's knowledge, threatened litigation as a defendant involving fraud, misrepresentation, violation of any state or federal lending laws or regulatory compliance, (ii) any claims by Applicants, or (iii) any negative investor or regulatory finding through audits or examinations.
- 4.7. Fraud.** Broker shall not submit any Application or related documents containing false or misrepresented information. Broker shall be responsible for all actions taken during its performance of its obligations under this Agreement, whether performed by Broker, its employees, or licensees, or the Applicant, or any other third party retained by or controlled by Broker or Applicant (other than affiliates of Lender) involved in the origination of the mortgage loan. Broker understands and agrees that in the event lender reasonably believes misrepresentations or fraud generated either through the Broker (by any Applicant or third party), by the Broker, or with the Broker's knowledge exist in an Application or any related documents, Lender may report such misrepresentations and fraud to the appropriate state and federal regulatory authorities, law enforcement agencies, and fraud databases. Broker acknowledges the importance of Lender's right and necessity to disclose such information.

Broker waives all claims for liability, damages, and equitable or administrative relief in connection with Lender's disclosure of such information.

- 4.8. No Untrue or Misleading Statements.** No representation, warranty, or written statement made by Broker to Lender in this Agreement or in any schedule, written, statement, or document furnished to Lender in connection with the transactions contemplated hereby contains or will contain any untrue statement of a material fact or omits or will omit to state a material fact necessary to make the statements contained herein or therein not misleading.
- 4.9. Insurance.** Unless otherwise agreed in writing, Broker possesses and shall maintain, at no expense to Lender, during the term of this Agreement, fidelity bond coverage and errors and omissions insurance, and shall furnish evidence of such coverage upon request of Lender. Such policies shall be in reasonable amounts, with acceptable standard coverages, satisfactory to Lender and compliant with applicable law and investor and agency guidelines. Broker shall notify Lender in writing of changes thereto or cancellations thereof.
- 4.10. Business Information.** Broker shall furnish to Lender and its representatives any necessary information and data concerning the affairs of Broker, as Lender may reasonably request, including without limitation information regarding the status of its licenses, permits, authorizations, and approvals necessary for the conduct of its business as well as copies of such documents. Broker shall furnish, annually as requested by Lender, copies of financial statements, the type and sufficiency of which shall be determined by Lender in its sole discretion, together with such other information bearing upon Broker's financial condition as Lender may reasonably request.
- 4.11. Ability to Perform.** Broker represents that it employs or will employ a sufficient number of knowledgeable and capable individuals to perform the services required by this Agreement.
- 5. Representations, Warranties, and Covenants as to Each Mortgage Loan.** As further inducement into this Agreement and to consummate the closing and funding of mortgage loans hereunder, Broker makes the below referenced representations, warranties, and covenants. Each of the following representations and warranties (i) applies to any and all Applications submitted by Broker to Lender, (ii) is for the benefit of Lender and its successors and assigns, (iii) continues in full force and effect for so long as Lender is subject to any risk of loss or liability as to any Application submitted by Broker, (iv) is deemed to have been relied upon by Lender, regardless of any independent investigation it may have made or may hereafter make, and (v) is in addition to any other specific representations or warranties contained elsewhere herein.
- 5.1. Compliance with All Applicable Laws.** Broker has complied with and all Applications have complied with all applicable federal, state, and local laws, rules, and regulations, including without limitation: the Truth-in-Lending Act and Regulation Z; the Fair Credit Reporting Act; the Equal Credit Opportunity Act and Regulation B; the Real Estate Settlement Procedures Act and Regulation X; the Bank Secrecy Act and 31 CFR Chapter X; the Fair housing Act and all applicable state and federal fair lending and fair housing regulations; the Gramm-Leach Bliley Act; the S.A.F.E. Mortgage Licensing Act and Regulations G and H; the Mortgage Acts and Practices-Advertising and Regulation N; and all applicable predatory and abusive lending laws. No Application submitted by Broker shall constitute a transaction which would be subject to coverage under the Home Ownership and Equity Protection Act ("HOEPA") or Section 32 of Regulation Z of the Truth-in-Lending Act or constitute a Higher-Priced Mortgage Loan as that term is defined under Regulation Z, or which would otherwise be considered a "high rate" or "high cost" loan under applicable state law.

- 5.2. Compliance with Lender Policies and Procedures.** The origination of each mortgage loan complies in all respects with the terms of this Agreement. Each Application submitted was originated by Broker and not by a third party. All Applications, including all mortgage loan documents and information and documentation submitted in connection with such Applications, have been prepared and/or completed in accordance with applicable law and all information provided by each of Applicant and Broker in such Applications are true and correct in all respects and do not fail to disclose any facts which could be material, or which would make such information misleading. All broker compensation has been fully disclosed to Applicant in compliance with applicable laws. The Applicant has executed and received a copy of all broker disclosure(s) as required by applicable law and there are no disputes with respect to Broker's compensation in connection with the origination or closing of each mortgage loan.
- 5.3. Factual Disclosure.** All facts relating to any Application and/or related mortgage loan transaction which are known or should be known to Broker which may adversely affect the value of the mortgaged property, the credit, character or capacity of the Applicant, the validity of the mortgage, or any other aspect of the transaction have been disclosed in writing to Lender.
- 5.4. No Adverse Circumstances.** Broker has no knowledge of any circumstances or conditions with respect to any Application, mortgaged property, Applicant or Applicant's credit standing that reasonably could be expected to cause third party investors to regard the related mortgage loan as an unacceptable investment, cause the mortgage loan to become delinquent or adversely affect the value or marketability of the mortgage loan.
- 5.5. FHA Loans.** If the Application is delivered to Lender for a loan intended to be insured by the Federal Housing Administration ("FHA"), it has been originated in conformance with all applicable FHA requirements and Broker is authorized under applicable FHA regulations to originate an FHA loan. Broker has taken no action or failed to any action, the effect of which would prevent Lender from obtaining FHA insurance or which would at any time invalidate, in whole or in part, the FHA insurance on any submitted Application which is subsequently approved, closed and funded by Lender.
- 5.6. Appraisals.** The real estate appraisal submitted with each Application has been ordered through Lender's designated appraisal management company and in accordance with the Broker Policies.
- 5.7. Compliance with Lender Requirements, FNMA, FHLMC, or Investor Guidelines.** All Applications submitted to Lender shall be in full conformance with this Agreement, the Broker Policies, and with all applicable Lender requirements. If the Application is submitted to the Lender for a loan intended to be a conventional conforming loan, it has been originated in conformance with all applicable requirements of Fannie Mae or Freddie Mac for sale to Fannie Mae or Freddie Mac and inclusion in a Fannie Mae or Freddie Mac mortgage-backed securities pool, as applicable, and is otherwise originated as an investment quality loan suitable for sale on the secondary market to secondary market investor.
- 5.8. No Other Agreements.** Except as otherwise permitted by Lender, broker has not made, directly or indirectly, any payment on the mortgage loan, the Application, or any fee paid for goods and services rendered in connection with the origination and closing of the mortgage loan, or on any other loan of Applicant from any other person or entity. Broker has also not made any agreement with any Applicant providing for any variation of the Note rate, schedule of payment or other terms and conditions of the mortgage loan. Broker has not received a

request for approval of or notice of any proposed assumption, loss draft, or payoff of the mortgage loan.

6. **Remedies for Breach of Agreement.**

6.1. In addition to any other rights and remedies that Lender may have, upon discovery by either Broker or Lender of any breach of any representation, warranty, or covenant of this Agreement, the party discovering the breach shall promptly notify the other. Within thirty (30) day after discovery by or notice to Broker of any breach, Broker shall promptly cure such breach to the reasonable satisfaction of Lender. Notwithstanding the cure period set above, in the event of a breach of representation, or warranty, or covenant of this Agreement which in the sole judgment of Lender cannot be cured within such thirty (30) daytime period, Lender may demand, and Broker shall be required to repurchase in all material respects said loan from Lender or the investor to whom Lender sold the loan for the "Repurchase Price."

6.2. The Repurchase Price shall be an amount equal to the sum of (i) the current unpaid principal balance of the loan at the time of repurchase (or at the time of foreclosure sale date if the related loan has been foreclosed), (ii) accrued but unpaid interest on such principal balance at the Note rate from the paid-to date of the loan through and including the last day of the month in which the Repurchase Price is paid, (iii) all costs and expenses, including without limitation, reasonable attorneys' fees and expenses, incurred by Lender as a result of Broker's breach of this Agreement or enforcing the terms of this Agreement or Broker's obligation to repurchase the loan, (iv) any premium paid by Lender in excess of the principal balance of the loan at the time of purchase if Lender has not sold the loan at the time of Broker's repurchase or if Lender has sold the loan and it is required to reimburse the purchaser, the premium that the purchaser paid to Lender, (v) any unreimbursed advances made by Lender, including without limitation taxes or insurance or payments authorized by the Note or mortgage or applicable law to protect Lender's interest in the loan or related property, and (vi) any other fees, costs, or amounts relating thereto. The Repurchase Price shall be reduced by (i) any proceeds of mortgage insurance collected by Lender with respect to the loan that have not been applied to the unpaid principal balance; and (ii) if the loan has been foreclosed and the property has been sold to a third party, the proceeds of the sale price received by Lender net of all advances, costs and expenses, including but limited to the reasonable attorneys' fees and expenses, incurred by Lender in connection with such sale.

6.3. Broker and Lender agree that Broker's repurchase obligation shall not be obviated by the fact that the property securing the loan has been foreclosed upon and said property has been acquired by Lender or a third party. The repurchase obligation encompasses the repurchase of the property from Lender if Lender has acquired the property, or, if a third party has acquired the property, reimbursing Lender as set forth herein. Notwithstanding anything herein to the contrary, in no event shall a full credit bid made by Lender, its successors or assigns, or any related party, at a foreclosure sale of any loan affect in any way the rights and remedies of Lender or the obligations of Broker under this Agreement, including without limitation the obligations of Broker to repurchase and indemnify Lender as provided herein.

7. **Indemnification.** In addition to the remedies set forth in Section 6 above, Broker shall indemnify, defend, and hold Lender harmless against and in respect of, and shall reimburse Lender for any and all losses, liabilities, claims, damages, costs including without limitation attorneys' fees and costs, and actions suffered or incurred by Lender which arise out of, result from or relate to: (a) the breach by Broker of any covenant, condition, term, obligation, representation, or warranty contained (i) in this Agreement, or (ii) in any written statement or certificate furnished by Broker pursuant to this Agreement, including

without limitation those arising from any improper origination or processing of mortgage loans; or (b) any material act or omission of Broker or any employee or agent of Broker which adversely affects any mortgage loan submitted to and funded by Lender hereunder.

7.1. Without limiting the foregoing, Broker's obligations under this Section 8 shall include costs and expenses associated with Lender's efforts to enforce this Agreement. In all actions with third parties in which Lender has the right to be indemnified hereunder, Lender shall have the complete and exclusive right to determine the conduct and defense of such legal proceeding or investigation with such third party including without limitation the right to compromise, settle, defend, or continue any such action.

8. Term and Termination.

8.1. Term. The term of this Agreement shall commence as of the date hereof and shall extend until the termination of this Agreement pursuant to this Article.

8.2. Termination. Broker acknowledges that Lender may with or without cause terminate this Agreement at any time, immediately upon providing written notice to Broker at Lender's sole discretion. Such termination shall not in any respect change or modify the obligations of the parties with respect to (i) Applications which have been submitted to Lender pursuant to the terms of this Agreement prior to the date of termination (except in the case of fraud) or (ii) Broker's obligations under this Agreement accruing prior to the date of termination.

8.3. Survival. All the representations, warranties, and covenants made by Broker herein and Broker's obligations of repurchase in Section 6, indemnification in Section 7, and non-solicitation in Section 2.10, shall survive any termination of this Agreement, and shall be fully applicable whether or not Lender relies thereon or has knowledge of any facts contrary thereto.

9. Miscellaneous.

9.1. Assignment. Lender shall have the right to assign or transfer this Agreement and its duties, obligations, and rights hereunder, as well as any authorization and/or information provided by Broker to Lender in connection with Lender's approval or recertification of Broker. Broker may not assign, transfer, or subcontract any of its duties, obligations, or rights under this Agreement without Lender's prior written consent. A change in ownership, merger, or consolidation of Broker, or sale of substantially all of Broker's assets, shall be considered an assignment for the purposes of this Agreement. In the event Lender assigns any of its rights in the mortgage loans closed hereunder, such assignee shall have the same rights as Lender with respect to this Agreement.

9.2. Notices. All notices or other information transmitted in connection with this Agreement shall be in writing and sent by (i) personal delivery, (ii) prepaid overnight courier, (iii) certified mail, return receipt requested, postage prepaid, or (iv) via electronic mail and addressed as follows:

If to Broker:

Address:

City:

State:

Zip:

Email:

If to Lender:

Attn: Director of Compliance

Director of Compliance

Southwest Funding, LP

13150 Coit Road, Suite 100

Dallas, TX 75240

Either party may change its address for notice purposes by giving written notice of the change to the other party. A notice or other communication sent in compliance with the provisions of this section shall be deemed good and sufficient service regardless of whether the parties received such notice.

- 9.3. Books and Records.** Broker shall prepare and maintain files of mortgage loans in accordance with applicable guidelines established by the industry and applicable law. Broker will cooperate with Lender in the investigation of any claim and assist in the defense of any lawsuit arising out of the obligations of the parties under this Agreement. Each party will reasonably cooperate with the other, its auditors, and/or regulatory examiners in any audit or regulatory examination of the other party.
- 9.4. Relationship of the Parties.** Neither party is the partner, agent, employee, or representative of the other and nothing in this Agreement shall be construed or deemed to create a partnership, joint venture, agency or employment relationship between Lender and Broker. Broker shall conduct business in its own name and not in Lender's name. Broker shall not represent that its office is an office, branch or agent of Lender or in any other way connected with Lender. Broker shall have no authority to sign any documents on behalf of Lender. Broker shall be responsible for its overhead and operations costs, payroll costs, and all other costs. Broker shall not hold itself out to prospective Borrowers as having the authority to approve loan requests or issue loan commitments on behalf of Lender. Broker shall not represent that Lender has approved or approve any loan request until Broker is so informed by Lender in writing.
- 9.5. Brokers.** Each party represents and warrants that there are no claims for brokerage commissions or finders' fees or other claims for money from any agent or similar intermediary in connection with Broker's entering into this Agreement with Lender, and each party agrees to indemnify and hold harmless the other party with respect to an and all liability for any such fee or commission which is required to be paid to any such agent or broker.
- 9.6. Confidentiality.** Each party agrees that information concerning the other's business (including that of all Lender's affiliates) is "Confidential Information" and proprietary and shall be maintained in confidence and not disclosed, used, duplicated, published, disseminated, or otherwise made available except as described in this section. Confidential information may include, without limitation, pricing sheets, lists of or other information identified with customers or potential customers, trade secrets, confidential and proprietary methods, techniques, processes, applications approaches, and other information of each party in various forms, which information is used or is useful in the conduct of that party's business including the origination, purchase, and sale of mortgage products and the subject matter of this Agreement. Each party may use Confidential Information of the other party only in connection with its performance under this Agreement. Except as described in this Agreement, the parties shall not copy Confidential information or disclose Confidential Information to persons who do not need Confidential Information to perform under this Agreement.
- 9.7. Privacy Laws.** Broker and Lender each agree to comply with all applicable federal, state, and local laws and regulations respecting the privacy of consumer information, including but not limited to, the privacy provisions of the Gramm-Leach-Bliley Act (15 U.S.C. § 6801, et seq.) and any similar state laws. Each party acknowledges and agrees that it is required to comply with the information security standards required by the Gramm-Leach-Bliley Act (15. U.S.C. 6801, 6805(b)(1)) and the regulations issued thereunder (12 C.F.R. Part 40) and with other statutory,

legal, and regulatory requirements as well as its internal information security program for information protection. Before Broker provides Lender with non-public personal information concerning Broker's consumers and customers, Broker shall obtain authorization from such consumers and customers to forward such information and further permit Lender to share such information with unspecified third parties solely in furtherance of the request by such consumers and customers for financial services. Broker acknowledges that pursuant to this Agreement, it may receive non-public personal information concerning Lender's consumers and customers. With respect to such information, Broker agrees that it shall not: share or use the non-public personal information provided by Lender for any purpose other than (i) in connection with the enforcement of its rights or the performance of its duties under this Agreement, (ii) pursuant to the exceptions set forth in 15 U.S.C. § 6802(e) and accompanying regulations, (iii) as required by law, or (iv) in connection with requests or demands by regulatory agencies or examiners

- 9.8. Return/Destruction of Confidential Information.** Confidential Information of the other party shall be returned to such party or destroyed in accordance with such party's commercially reasonable records retention policy upon termination of this Agreement. Confidential Information does not include information that is generally known or available to the public or that is not treated as confidential by the party claiming such information to be confidential, provided, however, that this exception shall not apply to any publicly available information to the extent that the disclosure or sharing of the information by one or both parties is subject to any limitation, restriction, consent, or notification requirement under any applicable federal or state information privacy law or regulation then in effect. In the event it is necessary for Broker or Lender to disclose Confidential Information of the other party to a third party to perform its duties hereunder and the other party has provided it with written authorization to do so, such party shall disclose only such Confidential information as is necessary for such third party to perform its obligations. A breach of either party's confidentiality obligations under this Agreement may cause the other party to suffer irreparable harm in an amount not easily ascertained. The parties agree that such breach, whether threatened or actual, will give the other party the right to obtain equitable relief (i.e., an injunction to restrain such disclosure or use without the requirement of posting a bond), and pursue all other remedies it may have at law or in equity.
- 9.9. Advertising and Trademark.** Broker shall not engage in any form of advertising whatsoever using the name, trade name(s), product name(s), symbols, or trademarks of Lender or any of Lender's loan products, unless specifically licensed in writing to do so.
- 9.10. Entire Agreement.** This Agreement sets forth the entire understanding and agreement of the parties hereto and fully supersedes all prior or contemporaneous agreements or understandings between the parties with respect to the subject matter hereof. No prior negotiations or drafts of this Agreement shall be used by either party to construe the terms or to challenge the validity hereof.
- 9.11. Modification and Waiver.** No termination, cancellation, modification, amendment, deletion, addition, or other change in this Agreement, or any provision hereof, or waiver of any right or remedy herein provided, shall be effective for any purpose unless specifically set forth in writing signed by an authorized officer of the party or parties to be bound thereby. The waiver of any right or remedy in respect of any one occasion shall not be deemed a waiver of such right or remedy in respect of such occurrence or event on any other occasion. Nothing in this paragraph should be interpreted to restrict Lender's right to modify the Agreement as provided for elsewhere in this Agreement or to publish such modifications in writing or by electronic means.

- 9.12. Modification of Obligations.** Lender may, without any notice to Broker, extend, compromise, renew, release, modify, adjust, or alter, by operation of law or otherwise, any of the obligations of an Applicant or other persons obligated under a mortgage loan without releasing or otherwise affecting the obligations of Broker with respect to such mortgage loan or otherwise under this Agreement.
- 9.13. Severability and Survival.** The parties agree that this Agreement shall be severable, meaning that if any provision is held to be unenforceable, it shall not affect the validity or enforceability of the remainder of the terms and provisions of this Agreement. All the covenants, agreements, representations, and warranties made herein by the parties hereto shall survive and continue in effect after the termination of the Agreement or the consummation of the transactions contemplated hereby.
- 9.14. Electronic Signatures.** Lender and Broker agree that the electronic signatures, whether digital or encrypted, of the Parties are intended to authenticate this writing and to have the same force and effect as manual signatures. Electronic Signature means any electronic sound, symbol, or process attached to or logically associated with a record and executed and adopted by a party with the intent to sign such record, including email electronic signatures, pursuant to the Texas Uniform Electronic Transactions Act (Tex. Bus. & Com. Code Ann. § 322.001 et seq.) as amended from time to time.
- 9.15. Governing Law; Venue; Waiver of Jury Trial.** To the maximum extent permitted under applicable law, this Agreement shall be governed by and construed in accordance with the substantive laws of Federal law and the laws of Texas, without regard to provisions related to choice of law or forum. Unless prohibited by applicable law, or otherwise agreed to by the Parties, the Parties expressly agree and consent that the courts of Dallas County, Texas, shall have exclusive jurisdiction over all actions arising from, out of, or with respect to this Agreement. LENDER AND BROKER EACH HEREBY ABSOLUTELY, IRREVOCABLY AND UNCONDITIONALLY WAIVE TRIAL BY JURY IN ANY LITIGATION, ACTION, CLAIM, SUIT OR PROCEEDING, AT LAW OR IN EQUITY, ARISING OUT OF, PERTAINING TO OR IN ANY WAY ASSOCIATED WITH THIS AGREEMENT, THE ACTIVITIES CONTEMPLATED HEREBY, THE RELATIONSHIP OF THE PARTIES HERETO AS COMPANY AND EMPLOYEE, OR THE ACTIONS OF THE PARTIES HERETO IN CONNECTION WITH ANY OF THE FOREGOING.
- 9.16. Construction.** In the event of an ambiguity or if a question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the parties and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any of the provisions of this Agreement. The Section headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. The word “including”, or any variation thereof shall be interpreted to mean “including, without limitation,” and shall not be construed to limit any general statement that such word follows to the specific or similar items or matters immediately following such word.
- 9.17. Expenses.** Each party shall pay its own expenses incident to this Agreement and the transactions contemplated hereby, including, but not limited to, all fees of its attorneys and accountants, whether or not any of the transactions contemplated hereby are consummated.
- 9.18. Counterparts.** This Agreement may be executed in any number of counterparts, and each such counterpart shall be deemed an original instrument.
- 9.19. Broker Consent.** Approval of a broker application by Lender and execution of this Agreement by

both parties are required prior to participation in Lender's Loan Programs. Broker and its owners, officers, and employees are subject to a background check as part of Lender's application review process and on-going monitoring of brokers participating in Lender's program. These checks may be performed by Lender, its subsidiaries, or affiliates, or in whole or in part by a third-party service provider ("Service Provider") on Lender's behalf. Broker acknowledges and agrees that, as part of Lender's application review process, Lender will receive for its review and verification a broker application provided by Broker to Lender or Service provider, and that either or both of Lender and Service Provider may perform due diligence reviews of the broker application. Broker hereby consents to this review process and to Lender's use of the Broker application and related materials (the "Broker Package") as described herein and authorizes Lender, its subsidiaries and affiliates, or Service Provider to verify any information contained in the Broker Package with the sources referenced therein. Broker further authorizes Lender to consult such other sources and perform such additional due diligence as Lender deems necessary, in its sole discretion, to evaluate Broker's application and continuing qualification for participation in Lender's Loan Programs. Broker hereby gives its express consent to receive facsimile transmissions or faxes, from Lender and its employees, parents, subsidiaries, affiliates, agents and/or assigns, including by not limited to those faxes that may constitute advertisements of the various Loan Programs, products and/or services offered from time to time by Lender. This consent to receive faxes shall apply to the telephone facsimile numbers listed on the Broker Application. This consent shall remain in effect until it is revoked in writing and delivered to Lender at the address contained in this Agreement. Broker also agrees that should it access any of Lender's Loan Program electronically, that it will be subject to any separate Terms and Conditions contained on Lender's internet site(s).

- 9.20. Right of Offset.** Lender shall have the right to, at any time and without prior notice, deduct any penalties, fees, expenses, or other charges or obligations of any kind owed by Broker to Lender from any amounts to be paid to Broker for mortgage loans submitted by Broker under this Agreement.
- 9.21. Release of Liability.** Broker hereby discharges and releases Lender, its parent companies, subsidiaries and affiliates, and their present and future directors, officers, employees, attorneys, and agents, and the successors and assigns of any of the foregoing, of and from any and all claims, demands, actions, causes of action, suits, damages, attorneys' fees, costs and expenses of suit, liabilities and judgments of whatsoever kind (a "Claim"), by reason of any act or omission relating to Lender's or Service Provider's use of the Broker Package or verification of any information contained therein. Broker further agrees to indemnify and defend and hold harmless Lender with respect to any Claim made by any past, present, or future owner, officer, or employee of Broker with respect to such use or verification.



IN WITNESS HEREOF, the parties hereto have executed this Agreement as of the date first set forth above.

Broker

Company Name:

Signature: _____

By:

Printed Name:

Title:

Date:

Lender

Southwest Funding, LP

Signature: _____

By:

Printed Name:

Title:

Date: