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## **Broker Application Checklist**

Thank you for your interest in becoming an approved broker-partner with Royal Pacific Funding Corporation (RPFC).

### **Required Application Forms**

#### **Completed FHA Addendum**

- Completed application and Profile**
- Broker Agreement** – All pages must be initialed and the final page executed and dated by a principal of the entity (and the Broker of Record if applicable). Please note: Alterations of the agreement will not be accepted.
- Broker Compensation Addendum**
- Compensation Election Form**
- Zero Tolerance Fraud Policy**
- IRS Form W-9**
- Mortgage Fraud Warning Notice**
- Contact List of Employees**

### **Required Supporting Documentation** (please submit PDF forms satisfying the following requirements)

- Financial Statements** – Please include **a Balance Sheet AND Income Statement** dated within 60 days.
- Company Formation Documentation** – Articles of Organization or Incorporation and a copy of the Operating Agreement or By-laws or applicable document.
- Fictitious Business Name Documentation** – proof of registration of any DBA or other fictitious business name.
- Quality Control Policy** – Each Applicant is responsible for developing and maintaining a Quality Control Policy that meets industry and agency standards. A copy of that policy is required.
- Resumes of Principals** – “Principal”: > 10% Ownership; the Broker of Record; etc.

**Optional Supporting Documentation** – This documentation is not required for initial review but may be included to strengthen the position of the applicant also, some items may be required as part of the broker review process.

- Audited Financials
- E&O Policy
- Last 3 months bank statements
- Tax Returns
- Business Plan
- Lender References

**PLEASE BE ADVISED: THE APPROVAL PROCESS WILL NOT BE INITIATED UNTIL ALL OF THE REQUIRED DOCUMENTATION HAS BEEN COMPLETED**

**MISSING DOCUMENTATION WILL RESULT IN SUBSTANTIAL DELAYS IN THE PROCESSING OF YOUR BROKER APPROVAL REQUEST.**

If you have any questions or concerns, please contact our Broker Approval Desk at [brokerdesk@royalpacificfunding.com](mailto:brokerdesk@royalpacificfunding.com)



# APPLICATION

## All Applicants

<b>COMPANY INFORMATION</b>	BUSINESS NAME		DBA		ACCOUNT EXECUTIVE	
	STREET ADDRESS				TYPE OF BUSINESS <input type="checkbox"/> National Bank <input type="checkbox"/> State Bank <input type="checkbox"/> S&L <input type="checkbox"/> Federal Credit Union <input type="checkbox"/> State Credit Union <input type="checkbox"/> Mortgage Broker <input type="checkbox"/> Mortgage Banker <input type="checkbox"/> Other	
	CITY		STATE	ZIP	FORMAT OF BUSINESS <input type="checkbox"/> Association <input type="checkbox"/> Partnership <input type="checkbox"/> C Corp <input type="checkbox"/> S Corp <input type="checkbox"/> LLC <input type="checkbox"/> Sole Proprietorship	
	PHONE	FAX	STATES LICENSED TO DO BUSINESS IN			
	MAIN CONTACT		PHONE	EMAIL		
	DATE COMPANY FORMED / INCORPORATED / CHARTERED		STATE	COUNTY	COMPANY TIN / SSN	
	ARE YOU CURRENTLY TABLE FUNDING TRANSACTIONS?		WHAT NAME WILL BE USED WHEN PREPARING LOAN DOCUMENTS?			
	<input type="checkbox"/> Yes <input type="checkbox"/> No		<input type="checkbox"/> Broker's/Bank's Name <input type="checkbox"/> Other:			

<b>REFERENCES</b>	1) LENDER NAME	CONTACT	PHONE	EMAIL
	2) LENDER NAME	CONTACT	PHONE	EMAIL
	3) LENDER NAME	CONTACT	PHONE	EMAIL

Note: Minimum of 3 references. Lender Scorecards can be substituted for References.

<b>BRANCH INFORMATION</b>	1) BRANCH NAME		STREET ADDRESS		
	CITY	STATE	ZIP	CONTACT	PHONE
	2) BRANCH NAME		STREET ADDRESS		
	CITY	STATE	ZIP	CONTACT	PHONE
	3) BRANCH NAME		STREET ADDRESS		
	CITY	STATE	ZIP	CONTACT	PHONE

Note: Please list ALL branches in every state you are currently licensed in (if more space is required, please attach additional sheets and include a copy of current license for each state listed).

<b>PRINCIPALS</b>	1) NAME	TITLE	SSN#	% OF COMPANY OWNERSHIP
	2) NAME	TITLE	SSN#	% OF COMPANY OWNERSHIP
	3) NAME	TITLE	SSN#	% OF COMPANY OWNERSHIP
	4) NAME	TITLE	SSN#	% OF COMPANY OWNERSHIP

<b>BROKER INFORMATION</b>	BROKER OF RECORD		STREET ADDRESS		
	CITY	STATE	ZIP	PHONE	EMAIL
	Are you currently acting as Broker of Record for any other company other than the one associated with this application? <input type="checkbox"/> Yes <input type="checkbox"/> No				
	If <b>YES</b> , please list the name and address of each company. <i>(If more space is needed, please use additional sheets)</i>				
	NAME	ADDRESS		CITY	ZIP
NAME	ADDRESS		CITY	ZIP	



## APPLICATION

### AFFILIATED COMPANIES YES NO

1) COMPANY NAME	TYPE OF BUSINESS	% OF OWNERSHIP	EMAIL
2) COMPANY NAME	TYPE OF BUSINESS	% OF OWNERSHIP	EMAIL
3) COMPANY NAME	TYPE OF BUSINESS	% OF OWNERSHIP	EMAIL

### THIRD PARTY VENDORS (e.g. Contract Processing, Credit)

1) COMPANY NAME	SERVICE PROVIDED	PHONE	EMAIL
2) COMPANY NAME	SERVICE PROVIDED	PHONE	EMAIL
3) COMPANY NAME	SERVICE PROVIDED	PHONE	EMAIL

### PRODUCTION (previous year and YTD)

Production Type	Loan Volume Previous Year	Loan Volume YTD	# of Loans Previous Year	# of Loans YTD
FHA				
VA				
Conventional				
Super Jumbo				
2 <sup>nd</sup> Trust Deeds				
<b>TOTALS</b>				

### COMPANY HISTORY

If you answer **yes** to any of the questions below, please provide an explanation on a separate sheet, including the dates of any adverse actions; all parties' names; resolution of the matter, case or file numbers; and jurisdiction where the action took place.

YES	NO	QUESTIONS
<input type="checkbox"/>	<input type="checkbox"/>	1) Has your company/institution ever been suspended from selling or submitting loans to another financial institution or lender?
<input type="checkbox"/>	<input type="checkbox"/>	2) Has your company/institution ever been involved or is currently involved in any litigation?
<input type="checkbox"/>	<input type="checkbox"/>	3) Has your company/institution and/or principals or corporate officers been named as defendant in a criminal proceeding or a complaint/conviction for alleged fraud or misrepresentation in connection with any real estate-related or mortgage lending-related activity?
<input type="checkbox"/>	<input type="checkbox"/>	4) Has your company/institution and/or principals or corporate officers been the subject of any action under bankruptcy laws or other applicable insolvency laws within the past seven years?
<input type="checkbox"/>	<input type="checkbox"/>	5) Has your company/institution and/or principals or corporate officers ever had a real estate or other professional license suspended or revoked, or received any other disciplinary action from a regulatory agency?
<input type="checkbox"/>	<input type="checkbox"/>	6) Has any financial institution enforced the hold harmless or repurchase clause of their correspondent or broker agreement with your company/institution and/or any principals or corporate officers?

I/we certify the above information to be true and correct. The undersigned declares that the foregoing information and all accompanying information are true to the best of his/her knowledge and belief.

Signature of Principal / Corporate Officer / Member / Partner	Date	Signature of Principal / Corporate Officer / Member / Partner	Date
Print Name		Print Name	
Title		Title	

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## MORTGAGE BROKER AGREEMENT

**Mortgage Broker:** \_\_\_\_\_ **NMLS ID#** \_\_\_\_\_

**Account Executive:** \_\_\_\_\_

Pursuant to this Mortgage Broker Agreement (the "Agreement"), Royal Pacific Funding Corporation ("Lender") and Broker (as identified above) together known as "the Parties" hereby agree as follows:

1. **ORIGINATION.** Broker, at its sole expense and discretion, may submit to Lender on behalf of a prospective Borrower(s), application(s) for a residential mortgage loan ("Mortgage Loan") which conforms to all the requirements of the specific mortgage loan program at the time the application is submitted. Broker shall be responsible for determining whether an application meets the terms and requirements of the programs provided and Lender shall have no obligation to accept a Mortgage Loan which does not comply with those terms and requirements. The acceptance or processing of any loan application shall not be construed as a commitment by Lender to fund the Mortgage Loan. The decision to approve any loan application or to purchase any closed Mortgage Loan shall be at the sole discretion of Lender. Broker shall not make any commitment to any loan applicant, seller, real estate agent, or other third-party on behalf of Lender without Lender's prior written approval. All Loans submitted hereunder shall close in Lender's name.
2. **COMPLIANCE WITH POLICIES.** Broker shall comply with the terms of this Agreement, Lender's Program Guidelines, and all of Lender's policies and procedures in conjunction with the registration of Mortgage Loan applications for Mortgage Loans under Lender's programs. Broker has no authority to obligate, commit or bind Lender for any purpose without Lender's prior written consent. Lender, at its sole discretion, may revoke Broker's authorization to submit loan applications under this Agreement at any time with or without cause.
3. **DOCUMENTATION.** Each Mortgage Loan must be submitted in accordance with Lender's Program Guidelines and be on forms acceptable to Lender. For each Mortgage Loan, Broker shall submit to Lender an application signed by the applicant(s) and any credit, financial and other information necessary for Lender to investigate, underwrite, and fully review the Mortgage Loan application. Broker shall assist Lender in obtaining any additional information needed by Lender and, if applicable, facilitate the closing of the Mortgage Loan transaction. Broker shall maintain a complete and accurate account, satisfactory to Lender, of all funds collected and paid relating to the Mortgage Loan(s). The contents of the Mortgage Loan package submitted to Lender shall immediately become the property of Lender, and all information therein may be subject to Lender's independent verification; provided, however that any investigation by Lender of such information shall in no way release the Broker from its duties pursuant to this Agreement.
4. **BROKER'S WARRANTIES.** Broker represents, warrants, and covenants to Lender, as of (i) the time this Agreement is executed, (ii) the time any Loan package is submitted to Lender, and (iii) as of the time the Loan is funded and closed through the life of the Loan, all of the following:
  - a. **Authority and Capacity.** Broker is a duly organized and validly existing entity in good standing in its state of formation and is properly licensed and registered in such state or other states in which it is engaged in the business of originating mortgage loans, and that it has the requisite authority and capacity to enter into this Agreement and the Agreement has been duly authorized, executed and delivered by Broker and constitutes a valid and binding obligation of Broker, enforceable in accordance with its terms. Broker's compliance with the terms and conditions of this Agreement will not violate any provisions of its charter documents, any instrument relating to the conduct of its business, or any other agreement, law or regulation to which it may be a party or under which it may be governed. Broker further acknowledges



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and agrees that Lender does not accept any Mortgage Loans where there is more than one broker involved in the Mortgage Loan (a co-broker arrangement).

- b. **Broker Approval.** All of the statements, information, and documentation submitted by Broker to Lender in connection with Broker's application to become an approved Broker, including any statements, information, and documentation submitted by Broker in connection with periodic renewals or recertification of Broker's approval are and will be true, correct, and complete in all material respects.

Notwithstanding the above, Broker shall notify Lender within 5 days of any occurrence which would jeopardize the Broker's ability to originate loans or remain party to this agreement.

- c. **Duly Licensed.** Broker possesses all necessary licenses, permits and authority to conduct a mortgage brokerage business and to engage in the activities contemplated by this agreement. In addition, all Mortgage Loan Originators, as defined under the Secure and Fair Enforcement Mortgage Licensing Act ("SAFE Act"), who will conduct licensed activity on a mortgage loan submitted to Lender are properly licensed and/or registered within the National Mortgage Licensing System (NMLS) in the jurisdiction in which the subject property is located as of the date the application was taken. Broker hereby agrees to provide Lender with the names of all Loan Officers associated with their mortgage brokerage business upon request. Lender will verify the licensing status of all Loan Officers at the time each Mortgage Loan Application is submitted and throughout the loan process to ensure the loan is properly handled by a licensed Loan Originator.
- d. **Absence of Claims.** Except as previously disclosed by Broker to Lender in writing, to the best of Broker's knowledge, there is no pending or any threatened suit, action, arbitration, legal administrative proceeding, or any other governmental proceeding or investigation (including an allegation of fraud by another lender) against Broker or its current or former owners, agents, or employees, which could have a material adverse effect on the Broker's business, assets, financial condition, operations, or reputation.
- e. **Verification of Mortgage Loan Documents.** All information submitted by Broker to Lender with regard to the Mortgage Loan, including all written material, are represented and warranted by the Broker to be true, correct, currently valid, and genuine. The Mortgage Loan package does not contain any false, fraudulent, inaccurate, or erroneous information or statements, and does not omit any material facts necessary to make any statement or information included in the Mortgage Loan package true, accurate, and/or understandable. No advance fee, note, loan, postdated check, or other form of compensation or obligation were taken in connection with any Mortgage Loan by the Broker, unless permitted by applicable law. All other representations as to each such Mortgage Loan are true and correct and meet the requirements and specifications of all parts of this Agreement. The closing of a Mortgage Loan by Lender shall in no way relieve Broker from or constitute a waiver of any of the requirements of this Agreement for any Mortgage Loan or from the representations and warranties made as to every Mortgage Loan under the terms of this Agreement.
- f. **Fraud.** Lender maintains a ZERO TOLERANCE Fraud Policy a copy of which will be included with this Agreement to be executed by the Broker. In signing this agreement and the Zero Tolerance Statement, Broker warrants as follows:
- i. Broker shall not submit any application for a mortgage loan, nor any supporting documentation required for the approval of such mortgage loan, containing fraudulent or misrepresented information. Broker shall be fully responsible for all actions taken in performing its obligations under this Agreement and in relation to this warranty, whether any such information is submitted by the Broker, its employees, agents/licensees, the applicant(s), or any other third party involved in the origination of the Mortgage Loan. Broker shall cooperate in any fraud or excess delinquency investigations conducted by Lender or its agent or designee. **BROKER UNDERSTANDS THAT BY MAKING THE WARRANTY CONTAINED IN THIS SECTION 4(F) IT IS WARRANTING THE ACCURACY OF ALL INFORMATION CONTAINED IN ANY LOAN PACKAGE SUBMITTED TO LENDER, WHETHER OR NOT SUBMITTED BY BROKER AND WHETHER OR NOT BROKER HAS KNOWLEDGE OF, OR REASON TO SUSPECT, ANY INACCURACY.**



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- ii. In the event that Lender has reason to believe an event of fraud or misrepresentation has occurred in connection with a closed loan file, Broker shall unconditionally repurchase any such Mortgage Loan immediately and refund to Lender any and all premium paid by Lender to Broker. In addition to required repurchase in the event of a funded loan containing fraud or misrepresentation, Broker further understands that in the event the Lender reasonably believes there has been some form of fraud or misrepresentation made in connection with a mortgage loan, regardless of whether the loan was funded, the Lender has a duty to report any such incidences of fraud, misrepresentation, or other suspicious activity to the appropriate State and Federal regulatory authorities, as required by the Bank Secrecy Act and Lender's internal Anti-Money Laundering Policy and Lender will not hesitate to do so. Broker acknowledges the importance of Lender's right and necessity to disclose such information. Therein, Broker waives any and all claims for liability, damages and equitable or administrative relief in connection with Lender's disclosure of such information.
- g. **Compliance with Laws.** Lender is committed to complying with all laws and regulations governing the origination, funding, and servicing of mortgage loans and requires that Broker shall comply with all laws and regulations applicable to it as a Broker under any and all Federal regulations, as governed by the Consumer Financial Protection Bureau (CFPB) or any other federal agency. These federal regulations include, but are not limited to the following, as they read today and as they may be amended under the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank): the Real Estate Settlement Procedures Act and Regulation X (RESPA), the Truth in Lending Act and Regulation Z (TILA), the Equal Credit Opportunity Act and Regulation B (ECOA), the Fair Housing Act, Fair Credit Reporting Act, the Privacy Act, the Fair Debt Collections Practices Act, the SAFE Act, the Bank Secrecy Act, TILA-RESPA Integrated Disclosure rule ("TRID") amending both Regulation Z and Regulation X as well as all promulgated rules and regulations relating thereto, and all other local state and federal laws and regulations that govern mortgage origination and the services appurtenant thereto. The Broker shall strictly comply with all applicable laws prohibiting predatory lending, lending discrimination, and unfair or deceptive practices.
- h. **Fair Lending.** Broker shall provide fair and equitable treatment to all home loan applicants, regardless of race, color, gender, marital status, familial status, immigration status, sexual orientation, religion, disability or national origin. Any act of discrimination violates Lender's Fair Lending Policy and will be deemed grounds for termination of this agreement.
- i. **Borrower's Authorization.** Broker has received written authorization from the Borrower to submit the Mortgage Loan Application to the Lender and for Lender to view and verify Borrower's credit information and all other information contained in the Loan Package.
- j. **Agreement with Credit Information Providers.** Broker shall strictly comply with all applicable laws and regulations regarding the access of consumer credit, including but not limited to the Fair Credit Reporting Act and its implementing regulations. Broker agrees to utilize only those credit vendors approved by Lender and Lender shall provide a list of such approved credit providers to the Broker upon request. Broker acknowledges and agrees that upon permission of the borrower to submit the loan to Lender and upon further written permission granted by Broker that Lender may be granted access to a re-issued credit report initially requested by Broker. In no case will Lender access a borrower's credit report as pulled by Broker without the written authorization from such Broker that Lender may act on its behalf.
- k. **Initial Disclosures.** Broker is responsible for the timely delivery of all initial disclosures to the borrower as defined by the above referenced regulations and applicable to a brokered transaction. Specifically, the broker will be expected to provide an accurate and timely Loan Estimate (LE) of charges as required under the TILA-RESPA ("TRID") rule within three (3) days of receipt of an application from the borrower, as defined under that Act, or elect the option to have the Lender disclose the LE to the borrower(s) provided an acceptable submission package is received by the Lender within 24 hours of an application from the borrower and provided that the Broker has elected that option in writing per the Broker LE election form.



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- i. Control of Documents.** Except where Borrower has been asked to submit any loan documents directly to Broker, no Borrower shall have had in its direct or indirect possession or control any completed credit, income, employment, or deposit verification document submitted to Lender with respect to any loan.
  - m. Ownership; Conflict of Interest.** Unless disclosed to Lender in writing, Broker shall have no direct or indirect ownership interest or financial interest in any property serving as security for a Mortgage Loan, in any appraisal firm, title company, escrow company or notary providing settlement services on a Mortgage loan, nor shall broker have any financial interest, whether evidenced by ownership or debt, in any property serving as security for a Mortgage Loan at any time prior to funding of the Mortgage Loan by Lender.
  - n. No High-Cost Mortgages.** Broker agrees that no Loan submitted to Lender will meet the definition set forth in Section 1026.32(a) of Regulation Z or is otherwise subject to any High-Cost or Predatory Lending Provision of Reg. Z as promulgated by the CFPB and the Federal Reserve Board or any applicable state law.
  - o. Borrower's Repayment Ability.** Broker will consistently consider the financial ability and creditworthiness of the borrower to repay the loan in order to avoid default and foreclosure. Broker will determine the creditworthiness and ability to repay through the use of objective, empirically derived, statistically significant credit bureau scoring, calculation of the borrower's existing and proposed debt-to-income ratio, and any other proprietary factors, and will not rely solely on the equity in the home as the means of determining the borrower's ability to repay. Broker will only submit applications for loans that will be a benefit to the borrower and for which the borrower has exhibited a clear ability to repay.
  - p. No Additional Fees.** Broker represents and warrants that Broker shall be responsible for all costs and expenses of Broker and Broker's services providers, including but not limited to third-party credit providers, and Lender shall have no responsibility or liability thereto. Further, Broker will not advance funds to or induce, solicit, or knowingly receive any advance of funds from a borrower or any other party, directly or indirectly, for the payment of any amount required to be paid with respect to the Mortgage Loans.

5. **BROKER COMPENSATION; FEES.**

Broker and Loan Originator Compensation is regulated Federally by the Truth in Lending Act (TILA) as amended, supplemented, and controlled by the Dodd-Frank Act and any other associated regulations. The required documentation and disclosure of any and all Broker origination fees or charges is regulated by the Real Estate Settlement Procedures Act (RESPA). Broker shall strictly comply with all rules of the TILA-RESPA Integrated Disclosure (TRID) Rule and all laws, rules, and regulations promulgated thereunder. Broker agrees that at all times, and with every mortgage application, to fully comply these statutes, as well as with any state-specific regulations that would apply to a given mortgage loan. This compliance includes, but is not limited to, the following particulars:

- a. For every mortgage Loan transaction submitted to RPFC, Broker must choose the source of Broker's compensation: Lender Paid Compensation (LPC) or Borrower Paid Compensation (BPC). Broker will inform RPFC of the Broker's choice at the time of submission. Broker understands and agrees that Broker Compensation may only be paid by one source, either the Lender or the Borrower, and that compensation received from both Borrower and any person or entity other than borrower (including RPFC) for the same transaction is strictly prohibited.
- b. No consideration of any kind or from any source shall be due or payable on any Mortgage Loan transaction unless and until 48 hours after confirmation that the Mortgage Loan has been funded and closed by Lender. No Broker compensation will be due and payable from Lender to Broker if proposed Mortgage Loan is not accepted by Borrower and funded by Lender.
- c. In order to receive Lender Paid Compensation, Broker must complete a Compensation Election Form, defining a valid Compensation Plan. The Compensation Plan will define exactly the amount (generally a percentage with an optional flat



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fee, minimum, or maximum) the Broker will be paid on each loan funded by RPFC under the LPC selection. The Compensation Plan selected will remain in force unless and/or until Broker elects a different Compensation Plan by submitting a new Compensation Election Form. Restrictions apply to the terms of the Compensation Plan and as to how often Broker can make changes to the Compensation Plan.

- i. The Compensation Election Form and any restrictions can be found at [www.royalpacificfunding.com](http://www.royalpacificfunding.com)  
Lender reserves the right to amend the Compensation Plan Elections and any Restrictions associated with Compensation Plans at anytime, without notice.

- d. All Borrower Paid Compensation due to the Broker in connection with the Mortgage Loan will be paid either from the Borrower's own funds (or from another source on behalf of Borrower) or may be deducted from the proceeds of the Mortgage Loan in accordance with the Mortgage Loan closing instructions. Borrower Paid Compensation is negotiated by the Broker directly with the Borrower and may vary based on the terms agreed to by the borrower on each Mortgage Loan transaction. RPFC will not be responsible nor a party to any Broker negotiations with the Borrower in a BPC transaction. Broker agrees to charge only such fees for its services and such expenses as are permitted by applicable law and regulation and that in choosing to be paid by the Borrower, agrees that the Broker may not receive any compensation directly or indirectly from any other person or entity, regardless of whether such other compensation is paid through closing or outside of escrow.

## 6. **DEFAULT; REMEDIES.**

- a. **Indemnification.** Broker shall indemnify and hold Lender harmless from and against any and all loss, claim, damage, liability, and cost sustained or incurred by Lender, including all costs and reasonable attorney's fees and costs, arising out of or based upon the inaccuracy or breach of any warranty or representation made by Broker in this Agreement, the breach by Broker of any obligation or covenant to be performed by Broker under this Agreement, or any claim by a Mortgage Loan applicant arising out of a failure or refusal to fund a Mortgage Loan. In the event of any claim against Lender or Broker by a Mortgage Loan applicant, Lender shall have the exclusive right to determine the conduct and defense of such legal proceeding or investigation with such Mortgage Loan applicant including, without limitation, the right to compromise, settle, defend or continue any such action. Lender shall have the right but shall be under no obligation, to assume the legal defense of Broker, and Broker shall pay Lender its reasonable share of legal costs and expenses.
- b. **General Repurchase Obligation.** Broker agrees to repurchase from Lender any Mortgage Loan made pursuant to this Agreement, upon the terms and conditions set forth herein, in the event the Broker has breached any of the terms of this Agreement. Broker shall effectuate the purchase of any Mortgage Loan required to be repurchased pursuant to this Agreement within ten (10) days after Broker's receipt of written demand for repurchase from Lender. The repurchase price for any Mortgage Loan that Broker is required to purchase hereunder shall be an amount equal to the sum of (a) the then unpaid principle balance of the Mortgage Loan; (b) accrued interest through the date of purchase; (c) all unreimbursed advances and extraordinary costs and expenses incurred by Lender with regard to such Mortgage Loan during the life of the Mortgage Loan; (d) all other costs and expenses incurred by Lender including penalties incurred by Lender from any investor, or servicer and reasonable attorneys fees incurred in connection with the purchase; and (e) any fees paid by Lender, including but not limited to all fees and costs paid to Broker and/or other parties for goods and services rendered in connection with the origination and closing of such Mortgage Loan. Upon purchase of a Mortgage Loan by Broker, Lender shall endorse the note and shall assign the Mortgage in recordable form to Broker, without representations and warranties, whether express or implied and without recourse to Lender.
- c. **Early Pay-Off (EPO) Premium Recapture.** If Borrower(s) prepays a Mortgage Loan in full within six (6) months of the first payment due date for any reason, Broker shall pay to Lender an indemnification amount equal to all compensation paid to Broker on the loan transaction from any source. Throughout the term of this Agreement, Lender will monitor the frequency of any such EPO activity on loans submitted by Broker and should Lender determine, in its sole and exclusive discretion, as a result of such monitoring, that the frequency of EPO Activity on loans submitted by Broker be deemed



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excessive, such a finding shall be deemed a valid basis for a declaration of default of this Agreement on the part of the Broker and justification for immediate termination of this Agreement.

- d. **Early Payment Default (EPD).** In the event the Borrower(s) of a Mortgage Loan originated by Broker shall be deemed an Early Payment Default, Broker agrees to pay to Lender an amount equal to all compensation paid to Broker on the loan transaction from any source. A loan is deemed to be an Early Payment Default if any of the first six (6) payments due under the mortgage note become more than 60 days contractually past due.
- e. **Non-Waiver of Remedies; Right to Offset.** Lender is not required to demand repurchase or indemnification within any particular period of time. Any delay or passage of time before making such demand shall not constitute a waiver by Lender and nothing contained in this provision shall limit Lender's right to any remedy, legal or equitable; all such legal and equitable remedies, including those provided for herein, being in addition to and not in lieu of any other remedy. Lender may, in its sole discretion, and without prior notice or demand to Broker, take an offset against any monies due for any reason from Lender to Broker for any reimbursement amount due from Broker to Lender as a result of any EPD, EPO, or indemnification and any such offset taken by Lender shall not, under any circumstances, constitute or be deemed to be an accord and satisfaction of any such outstanding amount or matter unless and until Lender confirms such accord and satisfaction in writing.
7. **ATTORNEY-IN-FACT.** Broker irrevocably appoints Lender as its attorney-in-fact with full power of substitution for and on behalf of Broker for the limited purpose of endorsing any checks, instruments or other papers representing payments on Mortgage Loans funded by Lender. Broker further consents to Lender completing, executing, delivering and recording any assignment or other documents, to endorse any Mortgage Loan note in the name of Broker, and do every act or thing necessary or desirable to effect transfer of a Lender-funded Mortgage Loan Note or Mortgage or any related collateral to protect the interest of Lender, and/or its agents or assigns, in the collateral for the Mortgage Loan(s).
8. **NONEXCLUSIVE AGREEMENTS.** Nothing contained herein shall obligate Broker to submit all loan applications to Lender, nor shall Lender be obligated to approve and/or fund any Mortgage Loan submitted to it by Broker, it being expressly understood by and between Lender and Broker that this is a nonexclusive Agreement. Additionally, nothing contained herein shall constitute a partnership or joint venture between or among Lender and Broker. The Parties hereby expressly agree and acknowledge that, with regard to the subject matter of this Agreement, they are, and at all times governed by this Agreement shall be, operating as independent entities pursuant to a contract. Broker shall at no time and under no circumstance represent or hold himself out to any third party, either expressly or impliedly, as an agent or employee of Lender. Broker shall at no time make use of any trade or service mark or logo of Lender without the express and specific written consent of Lender. Broker has no authority, either expressly or impliedly, under this Agreement or otherwise, to enter into any contract or agreement with any third party by or on behalf of Lender.
9. **ELECTRONIC SERVICES.** Lender may from time to time directly or indirectly make available to or provide or arrange access to Broker, Broker's employees, agents and/or customers' various electronic systems, services, and content (collectively, "Electronic Services"), including, without limitation: a) any software, system, electronic tool including, without limitation, interactive tools, internet capability, site or service, hardware, device, or communications facility (collectively, "Electronic Tools"); and/or b) any information, data, forms, documents, reports, calculations or other content whether provided through Electronic Tools or otherwise (collectively, "Content"). All or any part of the Electronic Services may be developed, licensed and/or provided by third-party licensors, vendors, subcontractors or other third-party sources (collectively, "Sources").
- a. Lender and/or any Sources, at any time, with or without notice, may monitor, modify any aspect of, limit or terminate Broker's, customer's, or Broker's personnel, agents, and associated persons' use or access to any of the Electronic Services.
- b. Lender and/or Sources may provide Broker, and/or its personnel, agents or customers (each of the foregoing an "Authorized User") with one or more digital certificate(s), identifiers, user name(s) and/or password(s), which may be required to access or use any, some or all Electronic Services (collectively, "User Codes(s)"). Broker agrees that: a) Broker will not, nor will Broker permit any other person to, remove, modify, exchange, disable, penetrate or otherwise defeat any



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Broker Initials

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such security procedures; b) Broker will restrict access to the User Codes and the Electronic Services to those persons who are duly authorized to have such access on Broker's behalf or on behalf of the applicable customer, as applicable; c) Broker is responsible for ensuring that all information contained in any request for a User Code is complete and correct; d) Broker will not use and Broker will ensure that none of Broker's employees or agents use any User Code issued to a Borrower e) Broker is responsible for all acts or omissions that occur under any User Code issued to an Authorized User; and, f) Broker will notify Lender or the applicable Source immediately in writing in the event that Broker learns that the authority or employment of any Authorized User (whether at Broker's firm or a customer) has been or is about to be terminated (in which case Broker agrees to promptly return to Lender any security device previously issued to such Authorized User or Customer); the confidentiality of any User Code issued to any Authorized User or a customer has been compromised in any way; or Broker learns about a possible or actual unauthorized access to and/or use of the Electronic Services.

- c. Broker will be responsible for all instructions and transmissions that are identified by any of the Electronic Services as coming from an Authorized User, and all consequences thereof, whether entered by authorized or unauthorized personnel or by any other person. Furthermore, Broker agrees that any agreement, consent or assent communicated from such access to the Electronic Services under a User Code issued to one of the Authorized Users at Broker's firm will be deemed to be a duly signed writing of Broker sufficient to bind Broker thereto.
- d. Lender obtains Content from internal and external Sources Lender believes to be reliable. The accuracy, completeness, timeliness or correct sequencing of the Content cannot be guaranteed by either Lender or any Source. Neither Lender nor any Source will be liable for the accuracy of, or availability of, such Content or will have any duty to verify, correct, complete or update any Content.
- e. LENDER AND ITS CONTROL PERSONS, SUCCESSORS AND ASSIGNS, OFFICERS, DIRECTORS, EMPLOYEES AND AGENTS (COLLECTIVELY, "LENDER'S PERSONS") AND THE SOURCES HERBY EXPRESSLY DISCLAIM ANY AND ALL WARRANTIES, GUARANTIES, CONDITIONS, COVENANTS AND REPRESENTATIONS RELATING TO ANY ELECTRONIC SERVICES, INCLUDING, BUT NOT LIMITED TO, ANY RELATING TO MERCHANTABILITY, QUALITY, ACCURACY, FITNESS FOR A PARTICULAR PURPOSE, TITLE, NON-INFRINGEMENT, TIMELINESS, ABSENCE OF VIRUSES OR DAMAGING OR DISABLING CODE, AND ANY WARRANTIES OR REPRESENTATION (I) THAT ANY ELECTRONIC SERVICES OR ACCESS TO ANY PORTION OR IT WILL BE UNINTERRUPTED OR ERROR-FREE, OR (II) THAT DEFECTS IN SUCH ELECTROINIC SERVICES WILL BE CORRECTABLE OR CORRECTED. NOTWITHSTANDING ANY PROVISION HEREIN TO THE CONTRARY, LENDER, NOR ANY LENDER'S PERSON OR SOURCE WILL BE LIABLE FOR ANY LOSS, COST, CLAIM OR DAMAGE (INCLUDING, BUT NOT LIMITED TO, DIRECT, INDIRECT OR CONSEQUENTIAL DAMAGES OR LOST PROFITS) ARISING OUT OF OR OTHERWISE RELATING TO ANY ELECTRONIC SERVICES OR THE USE OR ACCESS TO OR UNAVAILABILITY OR ANY OF THE SAME.
- f. Electronic Services will also be subject to the terms of the Lender Access Agreement and/or such other agreements that govern the use of Lender electronic information systems and/or a separate user agreement that governs its use and the rights and responsibilities of Lender, Broker, Broker's employees and Broker's customers with respect to particular Electronic Services. In the event of a conflict between this Agreement and the Lender Access Agreement and/or such other agreements that govern the use of Electronic Services, this Agreement will control to the extent of the conflict.
- g. Broker will not distribute any Content to any person, except in the course of carrying out this Agreement.

#### 10. GENERAL PROVISIONS.

- a. **Effective Date.** This Agreement shall be deemed effective as of the date of execution, as indicated by Broker's signature below. This Agreement shall remain in effect until it is superseded by an updated agreement or terminated by either party as permitted below.
- b. **Termination.** This Agreement may be terminated at any time by mutual agreement of the parties or upon written notice by one party to the other. In the event that notice of termination has been communicated to Broker, Lender shall not be obligated to fund any pending Mortgage Loans originated by Broker.
- c. **Survival of Warranties.** This Agreement and the warranties, representations and covenants contained herein and Broker's liability to Lender of any nature or kind, with respect to Mortgage Loans funded by Lender shall survive the termination or cancellation of this Agreement, the sale or assignment of any Mortgage Loan and the foreclosure of any Mortgage Loan.



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Broker Initials

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Lender may rely upon Broker's warranties, representations and covenants, irrespective of any knowledge Lender may have, and Broker shall not be relieved of any liability to Lender unless Lender waives, in writing, a breach of any warranty or representation. Further, Broker shall not be relieved of any liability to Lender as a result of, nor may Broker assert a claim or defense based on, Lender approval of any application or acceptance of any Mortgage Loan documentation.

- d. **Notices.** Except as to routine business matters, any and all communications between the party hereto or notices provided herein to be given shall be delivered in person or sent by certified or registered mail, return receipt requested, to the Broker at the address set forth above and to Lender at 3070 Bristol Street # 400, Costa Mesa, CA 92626 ATTN: Broker Support Department.
- e. **Assignment.** Broker may not assign this Agreement or its duties hereunder. In the event that Lender assigns any of its right in the applications and/or Mortgage Loan(s) made pursuant to this Agreement, such assignee shall have the same rights as Lender with respect to this Agreement.
- f. **Confidentiality.** Broker agrees to comply with the privacy and safeguarding requirements of the Dodd Frank Act, Gramm-Leach-Bliley Act, and the appropriate regulations and guidelines thereunder, and the requirements of any state privacy and safeguarding requirements, with regard to the information of Lender and its affiliates that is subject to such act, regulations, guidelines and/or requirements. In connection therewith, Broker shall take appropriate actions to address incidents of unauthorized access to such information, and shall notify Lender as soon as possible of any incident of unauthorized access to such information. Broker further agrees not to sell, transfer or otherwise give to any person or firm, or otherwise use, directly or indirectly, any compilation or list of Lender borrowers. A breach of Broker's confidentiality obligations may cause Lender to suffer irreparable harm in an amount not easily ascertained. The parties agree that such breach, whether threatened or actual, will give Lender the right to obtain equitable relief and pursue all other remedies said party may have at law or in equity
- g. **Consent to share Information with Third Party Service Providers.** Broker hereby consents to the sharing of certain corporate information regarding Broker received by Lender by executing the consent set forth in Exhibit A.
- h. **Entire Agreement.** This Agreement and all attachments hereto constitute the entire Agreement between the parties and supersede all prior and contemporaneous agreements, representations and understandings. No supplement, modification or amendment shall be binding unless executed in writing by both parties.
- i. **Applicable Law and Jurisdiction.** This Agreement shall be governed by and construed in accordance with the laws of the State of California without giving effect to the principles of conflict of laws. The Parties, each submits for itself and its property in any legal action or proceeding relating to this Agreement, or any amendments thereto, or for recognition and enforcement of any judgment in respect thereof, to the exclusive general jurisdiction of the courts of the State of California, in the County of Orange, federal courts of the United States of America and appellate courts from any thereof.
- j. **Severability.** If any provision or part of this Agreement is deemed invalid or unenforceable under applicable laws, the remainder of this Agreement shall not be affected thereby, and shall be fully enforceable to the extent of the valid portions thereof.
- k. **Signatures.** For the purpose of this Agreement and any exhibit hereto, facsimile and electronic signatures are sufficient to bind the Parties and will be deemed to be original signatures for all purposes. Electronic signatures will only be sufficient so long as the Broker completes all required fields on the Mortgage Broker Application and provides such information and electronic signature with the intent to enter into this Agreement.
- l. **Facsimiles and Emails.** Broker hereby consents to receive certain communications from Lender via facsimiles or e-mails. Please note that certain applicable laws do not require this from the Broker. Lender considers all inquiries for a Broker application as an established business relationship and may provide communication to the Broker pursuant to that relationship, unless otherwise notified by the Broker that he/she does not wish to receive such communications. If a Broker



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Broker Initials

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wishes to Opt-out of receiving any materials via facsimile or e-mail then it must follow the appropriate opt-out procedures as noted on such materials.

- m. **Counterparts; Other.** Neither this Agreement nor any term hereof may be changed, waived, discharged or terminated except in writing signed by the party against which enforcement of such change, waiver, discharge or termination is sought. This Agreement may be signed in any number of counterparts, each of which shall be deemed an original, which taken together shall constitute one and the same instrument.



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Broker Initials

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IN WITNESS WHEREOF, the parties have executed this Agreement by their duly authorized officers as of the date first above written.

Royal Pacific Funding	BROKER of Record	Principal Officer/Owner
By _____	By _____	By _____
Name _____	Name _____	Name _____
Title _____	Title _____	Title _____
Date _____	Date _____	Date _____



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Broker Initials

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## Broker Compensation Addendum

Company/Broker Name: \_\_\_\_\_ (“Broker”)

This Compensation Addendum to the Mortgage Broker Agreement (“Addendum”) is entered into as of the date executed (as indicated below), by and between Broker and Royal Pacific Funding Corporation (“RPFC” and/or “Lender”), and hereinafter referred to collectively as party or parties. Broker will only be compensated in accordance with the requirements under the Truth in Lending Act (“TILA”) and its implementing Regulation Z Section 1026.36, as well as any other applicable Federal, State, or local laws and regulations, whether by Lender or another party. This Addendum, along with the attached Agreement and Compensation Election Form constitute the entire Agreement between the parties with respect to the Broker’s Compensation as of the Effective Date stated below.

- A. **Source of Compensation.** For every Mortgage Loan Transaction submitted to Lender, the Broker must choose the source of Broker’s compensation from the following options:
1. Lender Paid Compensation (“LPC”) or
  2. Borrower Paid Compensation (“BPC”)

Broker will inform Lender of the Broker’s choice for the source of compensation by indicating the compensation source on the initial Submission Form at the time the loan is submitted to Lender. Regardless of which compensation option the Broker chooses, the Broker agrees that such compensation will not exceed any applicable Federal, State, Agency, and/or Local High-Cost or Fee limitations.

- B. **Lender Paid Compensation.** *Lender Paid Compensation* is Broker Compensation paid by the Lender to the Broker. When the Lender pays the Broker’s Compensation, the Broker will be paid according to the Compensation Plan defined by the Broker on the Compensation Election Form that is in effect at the time the loan is SUBMITTED to RPFC, notwithstanding any subsequent changes to the Broker’s Compensation Plan after rate lock and prior to loan closing.

For a LPC Transaction, the Broker compensation cannot vary per loan transaction. RPFC will not pay the Broker any more or any less than the amount agreed upon in the Compensation Plan. Under a Lender Paid Compensation Plan, Broker agrees that Broker cannot reduce Broker’s own compensation or offer credits towards third-party closing costs that will result in a reduction of the Broker’s compensation. By choosing the Lender Paid Compensation Plan, Broker may not receive any compensation from the consumer or from any other party, person, or entity, regardless of whether such compensation is paid at closing or outside of escrow. Broker certifies that when compensation is paid by Lender with respect to each Mortgage Loan transaction, such amount is and will be Broker’s sole source of compensation.

- C. **Borrower Paid Compensation.** *Borrower Paid Compensation* is Broker compensation paid by the Borrower to the Broker directly from the Borrower’s own funds or loan proceeds, or from any other source on behalf of the Borrower. BPC is negotiated by the Broker directly with the Borrower and may vary on each individual Mortgage Loan transaction. Under a BPC Transaction, the Broker can lower its compensation as required by the transaction. Lender will not be responsible for nor a party to any Broker negotiations with the Borrower in a Borrower Paid transaction. By choosing to be paid by the Borrower, the Broker may not receive any compensation directly or indirectly from any other person or entity, regardless of whether such other compensation is paid through closing or outside of escrow.

Initials \_\_\_\_ / \_\_\_\_

- D. **DUAL COMPENSATION PROHIBITED.** BROKER UNDERSTANDS AND AGREES THAT BROKER COMPENSATION MAY ONLY BE RECEIVED FROM A SINGLE SOURCE: IF THEY ELECT TO RECEIVE COMPENSATION FROM THE BORROWER, THEY MAY NOT RECEIVE ANY COMPENSATION FROM ANY OTHER PERSON OR ENTITY ON THAT SAME TRANSACTION, INCLUDING THE LENDER OR ANY OTHER PARTY; SIMILARLY, IF THEY ELECT TO BE COMPENSATED BY THE LENDER, THE LENDER MUST BE THE SOLE SOURCE OF COMPENSATION FOR THAT TRANSACTION.
- E. **Changes to Lender Paid Compensation Plan.** When Broker opts to receive compensation from RPFC (LPC), Broker will be given the opportunity to choose the compensation plan that best suits their business at the time they complete their Compensation Election Form. Broker will be allowed to change this Compensation Election once each month, or at the Lender's discretion. Changes made during the month will become effective on the first business day of the month immediately following the change date unless otherwise permitted by Lender. Any changes made will not affect loans already in process ("submitted" prior to the Effective Date of the updated Election Form), changes will only affect applications submitted on or after the first day of the month in which the new compensation selection becomes effective. A new Compensation Election Form will be required each time the compensation selection is changed and that Form will remain in effect until such time that Lender receives and confirms receipt of an updated Election Form.
- F. **Anti-Steering Disclosure.** In accordance with Regulation Z, Section 1026.36(d) and (e), and any subsequent amendments thereto, which implements TILA, Loan Originators and Mortgage Brokers are prohibited from steering Borrowers to accept a Mortgage Loan based solely on the fact that the Loan Originator will receive greater compensation for arranging a Mortgage Loan unless the transaction is in the Borrower's interest. For each Mortgage Loan submitted by the Broker to RPFC, regardless of whether the compensation source is Borrower Paid or Lender Paid, the Broker must provide to the Borrower a **Loan Options Disclosure** which describes the options ("Loan Options") that must be presented to the Borrower for each type of Mortgage Loan in which the Borrower expresses an interest.

At a minimum, the **Loan Options Disclosure** must contain a notice and acknowledgment by a representative of the Broker that the following have been offered to the Borrower for each type of Mortgage Loan in which the Borrower has expressed an interest:

1. The loan with the lowest interest rate;
2. The loan with the lowest interest rate without certain specified features, such as negative amortization, a prepayment penalty, interest-only payments, a balloon payment within the first 7 years of the loan, a demand feature, shared equity or shared appreciation; and
3. The loan with the lowest total dollar amount for origination points or fees and discount points.

The Broker must obtain Loan Options from three or more Mortgage Lenders with which the Broker regularly and currently does business. In the event that the Broker does not do business with three or more Mortgage Lenders, the Loan Options must be obtained from those Mortgage Lenders with which the Broker does business. With regard to the Loan Options presented to the Borrower in the Disclosure, the Broker represents that he or she has a good faith belief that the Borrower likely qualifies for each one. The Broker can present more than three Loan Options to the Borrower provided the Broker highlights the three Loan Options which satisfy the criteria above.

For ARM Loans, the lowest interest rate is determined by the fully-indexed rate at closing without regard to discounts or premiums.

The **Loan Options Disclosure** must be acknowledged by a representative of the Broker and included in the loan file at submission.

Initials \_\_\_\_ / \_\_\_\_

- G. **Payment of Loan Officers.** Broker shall be solely responsible for the payment of compensation to its loan officers. Broker agrees that all compensation paid by Broker to Broker’s loan officers must be in compliance with all of the requirements of TILA and Regulation Z’s LO Compensation Rule, as well as all applicable Federal, State, and Local Laws and Regulations.
- H. **Conflicts.** This Addendum supersedes all prior broker compensation addendums between the parties and, along with the Compensation Election Form and Mortgage Broker Agreement, constitutes the entire agreement between the parties with respect to the Broker’s compensation as of the Effective Date stated below and may not be contradicted by evidence or prior or contemporaneous oral agreements between the parties. There are no oral agreements between the parties with respect to the subject matter of this Addendum. In the event of a conflict among any of the terms contained in this Addendum and the RPFC Mortgage Broker Agreement, this Addendum shall control. All other terms in the Agreement not in conflict with this Addendum shall remain in full force and effect.

In Witness Whereof, the parties hereto have executed this Addendum as of the first date written below.

Print Name of Broker of Record	Print Name of Principal / Owner		
Broker of Record <i>(Signature)</i>	Date	Principal / Owner <i>(Signature)</i>	Date



## Zero Tolerance Fraud Policy

Royal Pacific Funding Corporation maintains a zero-tolerance stance against any form of fraud perpetrated in the origination, processing, and closing of mortgage loans. All Mortgage Brokers and Principals should be advised that the licensed Broker bears full responsibility for all actions, performed in the course of business, by their employees, agents, or licensees. The undersigned Mortgage Brokers and Principals understand and agree that they will be held fully responsible for the content, quality, and accuracy of each loan application and all supporting documentation submitted to RPFC by their employees, agents, and licensees.

### **THE SUBMISSION OF A LOAN APPLICATION CONTAINING FALSE INFORMATION IS A CRIME.**

#### **Common Types of Loan Fraud**

1. Submission of inaccurate information including, but not limited to: false statements on loan applications and falsification of documents purporting to substantiate credit, employment, deposit and asset information; misrepresentation of personal information including identity, ownership and/or non-ownership of real property, etc.
2. Forgery of partially or predominantly accurate information.
3. Incorrect statements regarding current occupancy or intent to maintain minimum continuing occupancy as stated in the security instrument or occupancy affidavit.
4. Lack of due diligence by the mortgage broker/principal/loan officer/interviewer/processor, including failure to obtain all information required by the application and failure to request information as dictated by Borrower's response to other questions.
5. Unquestioned acceptance of information or documentation which is known, should have been known, or should be suspected to be inaccurate.
6. Simultaneous or consecutive processing of multiple owner-occupied loans from one applicant supplying different information on each application.
7. Allowing an applicant or interested third-party to assist with the processing of the loan.
8. Mortgage Broker, Principal, or Loan Officer's non-disclosure of relevant information.

#### **Consequences**

The effect of Loan Fraud is costly to all parties involved. RPFC stands behind the quality of our loan production and our solid reputation with investors and the regulatory community. Fraudulent loans cannot be sold into the secondary market and, if sold, are subject to repurchase. The price paid by those who choose to participate in Loan Fraud is even more costly. The following is a non-exhaustive list of potential consequences that may be incurred:

#### ***Consequences to the Mortgage Broker, Principal and their Agent(s):***

1. Criminal prosecution under federal and/or state law, which may include incarceration, monetary penalties and/or disgorgement of income. As partial reference, see the attached Mortgage Fraud Warning Notice.
2. Loss of Mortgage Broker/Mortgage Banker/Real Estate/Professional license(s).

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## Zero Tolerance Fraud Policy - Continued

3. Loss of lender/investor access due to exchange of information between lenders, mortgage insurance companies including submission of information to investor (GSE's – FHLMC/FNMA), local/state/federal law enforcement agencies and fraud tracking databases including the Department of Housing and Urban Development.
4. Civil action by RPFC.
5. Civil action by applicant/borrower or other parties to the transaction.
6. Loss of approval status with RPFC and requirement to repurchase a loan or indemnify RPFC for loss.

### **Consequences to the Borrower:**

1. Acceleration of debt. Section 5 of the Deed of Trust states in part: "Borrower shall also be in default if Borrower, during the loan application process, gave materially false or inaccurate information or statements to Lender (or failed to provide Lender with any material information) in connection with the loan evidenced by the Note, including, but not limited to, representations concerning Borrower's occupancy of the Property as a principal residence."
2. Criminal prosecution. For example, the "Occupancy and Financial Status Affidavit", "Important Notice to Homebuyers" and the "Program Integrity Bulletin (AVOID LOAN FRAUD)" clearly provide notice of the penalties for committing fraud, intentional misrepresentation, or conspiracy to influence the issuance of mortgage insurance by HUD including providing false information on the loan application regarding income, assets, liabilities or intent to occupy the property, or conspiring with others, can subject the borrower and all parties involved to a possible prison term and/or fine up to \$10,000 under Title 18, U.S.C., §1001, et seq.
3. Civil action by RPFC or its successors and assigns, which could include liability for monetary damages.
4. Civil action by other parties to the transaction, such as seller, real estate agent/broker and mortgage broker who may suffer any loss due to reliance upon any misrepresentation(s) made on or in connection with the Loan Application.
5. Adverse effect on credit history.

By signing below, you acknowledge receipt and understanding of RPFC's Zero Tolerance Fraud Policy and the ramifications of non-compliance. In addition, by your execution, you expressly agree that this agreement shall be governed by the laws of the State of California and venue in any action arising hereunder shall at all times be necessary and proper in Orange County, California.

\_\_\_\_\_  
Print Name of Broker of Record

\_\_\_\_\_  
Print Name of Principal / Owner

\_\_\_\_\_  
Broker of Record (*Signature*)

\_\_\_\_\_  
Date

\_\_\_\_\_  
Principal / Owner (*Signature*)

\_\_\_\_\_  
Date

# MORTGAGE FRAUD IS INVESTIGATED BY THE FBI



**Mortgage Fraud is investigated by the Federal Bureau of Investigation and is punishable by up to 30 years in federal prison or \$1,000,000 fine, or both. It is illegal for a person to make any false statement regarding income, assets, debt, or matters of identification, or to willfully overvalue any land or property, in a loan and credit application for the purpose of influencing in any way the action of a financial institution.**

*Some of the applicable Federal criminal statutes which may be charged in connection with Mortgage Fraud include:*

- 18 U.S.C. § 1001 - Statements or entries generally
- 18 U.S.C. § 1010 - HUD and Federal Housing Administration Transactions
- 18 U.S.C. § 1014 - Loan and credit applications generally
- 18 U.S.C. § 1028 - Fraud and related activity in connection with identification documents
- 18 U.S.C. § 1341 - Frauds and swindles by Mail
- 18 U.S.C. § 1342 - Fictitious name or address
- 18 U.S.C. § 1343 - Fraud by wire
- 18 U.S.C. § 1344 - Bank Fraud
- 42 U.S.C. § 408(a) - False Social Security Number

*Unauthorized use of the FBI seal, name, and initials is subject to prosecution under Sections 701, 709, and 712 of Title 18 of the United States Code. This advisement may not be changed or altered without the specific written consent of the Federal Bureau of Investigation, and is not an endorsement of any product or service.*

Signature

Date

Signature

Date



### Lender-Paid Compensation Election Form

Mortgage Broker: \_\_\_\_\_

NMLS ID # \_\_\_\_\_

This updated compensation plan is designed to be flexible and allow Brokers to choose a Compensation Plan that best suits your business model, while optimizing compliance with the new regulatory guidance surrounding the LO Compensation, Ability to Repay, and the Qualified Mortgage amendments to Reg Z. (the Truth-in-Lending Act).

Brokers are advised to select a plan that best fits their business, taking into consideration all of your fixed and variable costs, your average loan amount, and the fee limitations applicable to Qualified Mortgages. The Plan selected will be applied to all branches of your mortgage company and is binding for all Lender-Paid transactions closed by Royal Pacific Funding Corporation (RPFC) and/or its Affiliates. **The Broker is responsible for ensuring compliance with the QM Points & Fee requirements and all Anti-Steering Requirements under Reg. Z.**

When selecting both a percentage and a flat fee, your compensation will be the sum of the two selections on all transactions, without variation, and that total sum, plus all other points & fees that must be included under the new rules of Reg Z regarding the Qualified Mortgage (including, as applicable, Lender Fees, Third Party Processing Fees, discount points, etc.), must be less than the 3.00% of Total Loan Amount fee cap at the time the loan is submitted.

To define your Lender Paid Compensation for the period covered by this Election Form, please select your compensation percentage and flat fee (if desired) from the following options. **PLEASE NOTE: A FLAT FEE IS NOT AVAILABLE FOR COMPENSATION PERCENTAGES > 2.5%:**

<input type="checkbox"/> No Flat <input type="checkbox"/> 1.000% <input type="checkbox"/> \$ 500.00 <input type="checkbox"/> \$ 750.00	<input type="checkbox"/> No Flat <input type="checkbox"/> 1.125% <input type="checkbox"/> \$ 500.00 <input type="checkbox"/> \$ 750.00	<input type="checkbox"/> No Flat <input type="checkbox"/> 1.250% <input type="checkbox"/> \$ 500.00 <input type="checkbox"/> \$ 750.00	<input type="checkbox"/> No Flat <input type="checkbox"/> 1.375% <input type="checkbox"/> \$ 500.00 <input type="checkbox"/> \$ 750.00	<input type="checkbox"/> No Flat <input type="checkbox"/> 1.500% <input type="checkbox"/> \$ 500.00 <input type="checkbox"/> \$ 750.00
<input type="checkbox"/> No Flat <input type="checkbox"/> 1.625% <input type="checkbox"/> \$ 500.00 <input type="checkbox"/> \$ 750.00	<input type="checkbox"/> No Flat <input type="checkbox"/> 1.750% <input type="checkbox"/> \$ 500.00 <input type="checkbox"/> \$ 750.00	<input type="checkbox"/> No Flat <input type="checkbox"/> 1.875% <input type="checkbox"/> \$ 500.00 <input type="checkbox"/> \$ 750.00	<input type="checkbox"/> No Flat <input type="checkbox"/> 2.000% <input type="checkbox"/> \$ 500.00 <input type="checkbox"/> \$ 750.00	<input type="checkbox"/> No Flat <input type="checkbox"/> 2.125% <input type="checkbox"/> \$ 500.00 <input type="checkbox"/> \$ 750.00
<input type="checkbox"/> No Flat <input type="checkbox"/> 2.250% <input type="checkbox"/> \$ 500.00 <input type="checkbox"/> \$ 750.00	<input type="checkbox"/> No Flat <input type="checkbox"/> 2.375% <input type="checkbox"/> \$ 500.00 <input type="checkbox"/> \$ 750.00	<input type="checkbox"/> No Flat <input type="checkbox"/> 2.500% <input type="checkbox"/> \$ 500.00 <input type="checkbox"/> \$ 750.00	<input type="checkbox"/> 2.625%	<input type="checkbox"/> 2.750%

You may establish a minimum compensation paid to you (Between \$1 - \$2750): \_\_\_\_\_

You may also establish a maximum limit on the compensation paid to you, as shown below:

- No maximum       \$10,000 maximum       \$12,000 maximum       \$15,000 maximum

**Election Period:** You will be allowed to change your Compensation Plan once each month or at the Lender’s discretion, according to the Broker Compensation Addendum to your Broker Agreement. Any changes made will not affect loans in process.

All new Compensation Plans will become effective the **First Business Day of the Month** following the date the Election Form is Submitted to [brokerdesk@royalpacificfunding.com](mailto:brokerdesk@royalpacificfunding.com) unless otherwise expressly permitted by Management.

By: \_\_\_\_\_  
Authorized Signature

\_\_\_\_\_ Date

Print Name: \_\_\_\_\_

Title \_\_\_\_\_



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## FHA ADDENDUM TO ROYAL PACIFIC FUNDING BROKER AGREEMENT

THIS FHA ADDENDUM TO ROYAL PACIFIC FUNDING BROKER AGREEMENT ("Addendum") is entered into this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_ between Royal Pacific Funding Corporation ("RPF"), and \_\_\_\_\_ (hereinafter referred to as "Broker").

WHEREAS, Broker wishes to become a Sponsored Third Party Originator in conjunction with Federal Housing Administration ("FHA"). Insured mortgage loan application packages ("FHA Package") for residential mortgage loans, and the parties wish to define the conditions pursuant to which RPF is willing to make available funds necessary to finance FHA insured mortgage loans ("FHA Loans") submitted to and accepted by RPF.

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

1. Broker Agreement:

This Addendum is not intended to replace the Broker Agreement, but rather provide additional clarification regarding the origination and submission of FHA loans, or in the case of a correspondent relationship, the selling of closed FHA loans.

2. Funding:

Broker shall process and submit to RPF; FHA Packages to be underwritten by RPF, all in accordance with the provisions specified in the Broker Agreement. Each FHA Package must meet RPF'S then-current underwriting criteria and all applicable FHA requirements.

3. Representations and Warranties:

In addition to the representations and warranties set forth in the Broker Agreement, Broker further represents and warrants to RPF at the time any FHA Package is submitted to RPF and at the time any FHA Loan is funded and closed that:

- A. Broker has (i) been approved as either a (i) Sponsored Third Party Originator of FHA loans through RPF, or (ii) an FHA Supervised or Non-Supervised Lender and is neither suspended nor terminated by the FHA.
- B. All of Broker's employees who were involved in the origination and processing of a FHA Loan were properly trained in, and knowledgeable of all applicable FHA guidelines

4. Audits:

In addition to any auditing rights RPF may have in the Broker Agreement, RPF shall have the right to audit and review Broker's operations, quality control, procedures, policies, manuals, and employee compensation. Any such audit may include a review of Broker's facilities as well as the experience and qualifications of Broker's staff. Any such audit may be conducted at the location where Broker's activities are performed during Broker's normal business hours, and Broker agrees to cooperate in such any such audit and review.



5. Broker is an Independent Contractor:

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

6. Entire Agreement:

Any capitalized term not defined herein shall have the meaning assigned to it in the Broker Agreement. This Addendum constitutes the entire agreement between the parties pertaining to the subject matter contained in it and supersedes all prior and contemporary agreements, representations and understandings pertaining thereto. No supplement, modification, or amendment to this Addendum shall be binding unless executed by both parties, except where RPF has been specifically granted the right to do so hereunder or under the Broker Agreement. It is the intention of the parties that this Addendum shall be deemed entered into within Orange County, California and construed under and according to the substantive laws of the state of California and shall not be binding until executed by RPF. All questions regarding the validity, interpretation or performance of any of its terms, representations and warranties of any rights or obligations of the parties shall be governed by the laws of the State of California.

7. Enforceability of Addendum:

If any provision of this Addendum is held invalid, void, or unenforceable the remaining provisions shall nevertheless continue in full force without being impaired or invalidated in any way. In the event of a conflict between the terms of this Addendum and the Broker Agreement, the terms of this Addendum shall control.

8. 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 Addendum.

9. Termination:

This Addendum will continue until terminated by either party. Either party may terminate this Addendum without cause upon fifteen (15) days prior written notice to the other. Furthermore, RPF may terminate Broker's approval to submit FHA Packages upon fifteen (15) days prior written notice. Either party may terminate this Addendum immediately without prior notice for cause including, without limitation, breach of any representation, warranty, promise, or agreement made or deemed to be made in this Addendum or the Broker Agreement, or default in performance of any duty, obligation, or responsibility under this Addendum or the Broker Agreement. All representations, warranties, rights to audit, indemnity obligations, and other remedies will survive the termination of this Addendum.

**Royal Pacific Funding**

**Broker:** \_\_\_\_\_

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

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

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

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

Its: \_\_\_\_\_

Its: \_\_\_\_\_



## VA AUTHORIZED AGENT SPONSORSHIP FORM

Approved Brokers requesting approval to be a VA authorized agent for Royal Pacific Funding Corporation, or requesting a renewal, please complete this form and submit it to us, along with a check for \$100.00 made payable to the **Department of Veterans Affairs**.

Broker ID: (if currently approved)	
Company Name:	
DBA: (if applicable)	
Main Office Address:	
City, State, Zip:	
Broker Tax ID #:	
Broker of Record/Contact Name:	
Broker/Contact Email Address:	
Broker/Contact Telephone #:	
Fax Number:	
VA ID Number: If previously issued by VA	

Please make check payable to the **Department of Veterans Affairs**. Send check and this completed form to:

Royal Pacific Funding Corporation  
Attention: Broker Support  
3070 Bristol Street # 400  
Costa Mesa, CA 92626

Note: Broker must be licensed in any state in which originations will occur.  
Royal Pacific Funding Corporation must provide the Broker's information to the Department of Veteran's Affairs for approval and issuance of a VA ID number.



