

This Wholesale Broker Agreement (the "Agreement") is entered into as of _____ (the "Effective Date") between DFI Funding, Inc., a California corporation ("DFI Funding") and _____ ("Broker").

Recitals

From time to time, Broker may submit to DFI Funding, for underwriting and funding by DFI Funding, first loans (the "Loans") that meet the eligibility requirements of those mortgage loan programs offered by DFI.

Broker agrees to submit such Loans to DFI, and DFI agrees to underwrite and fund such Loans, in accordance with the terms and conditions set forth below.

Now, therefore, the parties agree as follows:

ARTICLE 1
RESPONSIBILITIES OF BROKER

- 1.1 **Duties of Broker.** With respect to each Loan submitted by Broker to DFI Funding for underwriting and funding, Broker shall:
- (a) have and maintain the exclusive ongoing contact with Loan applicant(s) (collectively "Applicant") from the time of application until closing;
 - (b) undertake all direct and face-to-face personal interviews with Applicant;
 - (c) educate and assist Applicant in understanding the home buying and financing process;
 - (d) discuss the different types of loan products available, explain the qualification and eligibility requirements for each product, and demonstrate how closing costs and monthly payments may vary under each product;
 - (e) gather all information and documentation needed to complete the Loan application including applicable information required by applicable state and federal law and any regulations related thereto;
 - (f) assist Applicant in filling out all Loan applications;
 - (g) collect and analyze financial information and related documents and assist Applicant in determining the mortgage that Applicant can afford;
 - (h) assist Applicant in identifying potential credit problems and obtaining letters of explanation;
 - (i) provide and discuss with Applicant the documents required by the Federal Housing Administration ("FHA") and Department of Veterans Affairs ("VA"), if applicable;

- (j) keep Applicant apprised of the status of Applicant's application and communicate any changes in the loan terms within a reasonable timeframe;
 - (k) maintain regular contact with Applicant, real estate agents and DFI Funding, as needed;
 - (l) deliver to Applicant a good faith estimate meeting the requirements of the Real Estate Settlement Procedures Act ("RESPA") within three (3) days of receipt of the Loan application (residential consumer transactions);
 - (m) provide to Applicant such additional disclosures as are required to be provided by Broker, DFI Funding or applicable federal or state law, including, but not limited to, disclosures required by DFI or applicable law in connection with fees and charges, including broker compensation, disclosures required by federal and state truth in lending laws, and disclosures required by states laws that govern and regulate mortgage broker conduct;
 - (n) collect the fees for the property appraisal and credit report and if required by applicable law, deposit such fees in a trust account;
 - (o) request the property appraisal and gather preliminary materials from Applicant;
 - (p) participate in the Loan closing, if applicable; and
 - (q) perform any other service as DFI may from time to time reasonably request.
- 1.2 **Pricing.** DFI shall provide Broker with Loan pricing information by telephone or facsimile.
- 1.3 **Loan Application Package.** Broker shall provide, or cause to be provided to DFI Funding, an application package ("Mortgage Loan Package") for each Loan submitted to DFI for underwriting and funding. Each Mortgage Loan Package shall include the following:
- (a) applicable Loan submission form, as required by DFI;
 - (b) a completed Uniform Residential Loan Application (Form 1003) signed by Applicant and all disclosures as required by applicable federal or state law;
 - (c) the initial good faith estimate of the dollar amount and/or a range for each settlement charge that Applicant is likely to incur in connection with the Loan;
 - (d) all supporting documentation required by the applicable loan program, including, but not limited to, credit reports, verifications of employment and deposit, title work and property appraisals; and
 - (e) such other documents as DFI Funding may from time to time reasonably request.

Broker shall be responsible for causing each Loan application and supporting documentation, as may be required by DFI Funding, to be prepared accurately and in accordance with DFI's policies and procedures in effect at the time such application is made. The property appraisal included in each Mortgage Loan Package shall be conducted by an licensed real estate appraiser acceptable to DFI . It is understood and agreed that DFI will not collect, hold or be responsible for the disbursement of any Applicant trust funds.

- 1.4 **Points and Fees.** Broker shall include on the good faith estimate provided to DFI Funding pursuant to Section 1.3(c) above, all amounts Broker will charge Applicant or earn in connection with the Loan. Notwithstanding anything to the contrary contained herein, Broker shall not charge Applicant any amount that exceeds the applicable pricing policy, as published by DFI Funding from time to time, and such amount must be set forth on the good faith estimate or otherwise shown to have been properly disclosed to Applicant in full compliance with all federal and state laws and regulations. Broker shall not serve as a real estate agent or earn a sales commission on any transaction for which Broker is serving as the mortgage broker without the written consent of DFI Funding. Broker must notify DFI Funding in writing if it is serving in such dual capacity at the time Broker submits the application to DFI Funding and must submit to DFI Funding a copy of any disclosure of its dual capacity that Broker is required by applicable law to provide to Applicant.

- 1.5 This section has been intentionally deleted.

- 1.6 **Quality Control Program.** Broker shall implement and maintain a quality control program (the "Quality Control Program"), which such Quality Control Program shall be acceptable to, and comply with all applicable requirements of, DFI Funding. DFI Funding reserves the right to change its requirements for such Quality Control Program at any time and for any reason, which such changes shall be effective upon notice to Broker, and to conduct an audit of Broker to verify the existence and implementation of such Quality Control Program. As DFI Funding may from time to time request, including, without limitation, during the initial due diligence and approval of Broker, Broker shall promptly provide DFI Funding with a detailed written description of its Quality Control Program.

- 1.7 **Fidelity Bond and/or Errors and Omissions Policy.** As may be required by DFI Funding, Broker shall obtain and maintain at its sole cost and expense a blanket fidelity bond and/or errors and omissions policy, both of which shall be acceptable to DFI Funding. Any such policies shall provide for coverage of Broker and its employees, agents, independent contractors and other personnel and shall name DFI Funding as an additional insured.

- 1.8 **Compliance With Conflict of Interest Policy; Compliance With All Other Policies and Procedures.** In addition to the responsibilities of Broker contained in this Article 1 and this Agreement, Broker shall comply with DFI Funding's conflict of interest policy and disclose in writing to DFI Funding, and Applicant as may be required by applicable law, such information as may be required by DFI Funding and applicable law, including, without limitation, the name, address, primary manager and participating or ownership interest that Broker has in any company and/or service,

regardless if such company and/or service may or may not be providing products and/or services related to any loan transaction contemplated hereunder. Broker shall not use any such company and/or service to provide products and/or services related to any loan transaction contemplated hereunder unless approved in writing by DFI Funding and in no event shall DFI Funding's receipt of information from Broker related to any such company and/or constitute DFI Funding's approval of such company and/or service. Further, Broker shall comply with all other applicable policies and procedures of DFI Funding, as such policies and procedures may currently exist or hereafter created and as may be altered, changed, or amended.

- 1.9 This section has been intentionally deleted.
- 1.10 **Document Retention.** Broker shall implement and maintain a sufficient document retention program for Loans submitted to DFI Funding for funding, regardless if such loan is actually funded by DFI Funding. Such document retention program shall, at a minimum, provide for the retention of documents related to Loans for the period(s) of time required by applicable state and federal law and shall otherwise comply with all applicable laws. To the extent Broker retains, or is required to retain, possession of any document related to a Loan and DFI Funding determines that it needs such document, upon request of DFI Funding, Broker shall promptly provide such document to DFI Funding.
- 1.11 **Review of Broker.** As may be required by DFI Funding from time to time, Broker shall cooperate with and provide all information, documents and reports requested by DFI Funding so that DFI Funding may conduct a review of Broker and its operation. Such information, documents and reports may include, but shall not be limited to, financial reports (including the most recent audited financial statements of Broker), copies of any required bonds or insurance coverages (including those which may be required by DFI Funding pursuant to Section 1.7 hereof) and any approvals with applicable governmental agencies.
- 1.12 **Compliance with Requests for Missing or Additional Documentation.** Broker shall comply with any requests by DFI Funding for missing, corrected and/or additional documentation related to a Loan. Broker shall comply with any such requests as soon as possible, regardless of whether the request was made prior to or after the closing of the related Loan, but, unless otherwise agreed by DFI Funding, Broker shall comply with any such request no later than ten (10) business days after its receipt of a request from DFI Funding therefor.

ARTICLE 2
UNDERWRITING

- 2.1 **Underwriting the Loans.** Upon receipt from Broker of a complete Mortgage Loan Package, DFI Funding shall evaluate the risk of making such Loan using DFI Funding's underwriting guidelines applicable to the type of loan being sought, as same may be amended by DFI Funding from time to time. DFI Funding shall notify Broker of any Loan underwriting and documentation deficiencies or problems with respect to any Mortgage Loan Package. DFI Funding and Broker agree that DFI Funding may rely on the materials contained in the Mortgage Loan Package supplied to it by Broker and the authenticity and accuracy of all signatures and information contained therein. DFI Funding's failure to conduct an independent investigation with respect to such materials, signatures and information shall not affect or modify the representations and warranties made by Broker under Article 6 below or the rights and remedies available to DFI Funding for a breach thereof.
- 2.2 **No Liability.** DFI Funding shall have no liability to Broker for DFI Funding's failure to underwrite any Loan in accordance with the applicable guidelines except to the extent such failure constitutes willful misconduct by DFI Funding.

ARTICLE 3
LOAN APPROVAL AND FUNDING

- 3.1 **Approval of Loans by DFI Funding.** Notwithstanding anything to the contrary contained in this Agreement, DFI Funding shall have no obligation to fund any Loan submitted to it by Broker and may reject any Loan that, in DFI Funding's sole discretion, does not meet the applicable underwriting guidelines. With respect to any Loan approved by DFI Funding for funding, DFI Funding may require Broker to comply with certain conditions, as set forth verbally or in writing to Broker, prior to funding of the Loan by DFI Funding. DFI Funding shall not fund any Loan until all such conditions have been satisfied.
- 3.2 **Notice of Adverse Action.** If DFI Funding rejects a pre-approved Loan for funding or makes a counteroffer to Applicant, DFI Funding shall, within ten (10) business days after its decision to deny such application, prepare in DFI Funding's name and deliver to Applicant within the time specified by law a notification of adverse action in accordance with the Equal Credit Opportunity Act.
- 3.3 **Closing.** All Loans approved by DFI Funding for funding shall be closed in accordance with DFI Funding's written closing instructions and on closing documents prepared by DFI Funding or any DFI Funding approved document vendor. DFI Funding shall provide escrow with the appropriate closing documents as soon as practicable after all applicable conditions to closing have been satisfied. Broker and escrow are responsible for ensuring that all closing documents are properly signed by Applicant, Broker or a third party and contain authentic signatures.
- 3.4 **Funding.** Each Loan approved by DFI Funding for funding may be closed in the name of DFI Funding.
DFI Funding will fund each Loan as soon as practicable following receipt of all closing documents, properly completed and signed, including, but not limited to:

- (i) mortgage, deed of trust, or other security instrument, naming DFI Funding, Inc., as applicable, as the lender or beneficiary;
- (ii) mortgage note naming DFI Funding, Inc., as applicable, as the payee;
- (iii) all required property and casualty insurance policies naming DFI Funding, Inc., as applicable, and its successors and assigns as an additional loss payee; and
- (iv) all required disclosure statements.

ARTICLE 4

WARRANTIES AND REPRESENTATIONS OF BROKER

- 4.1 **Warranties and Representations Regarding the Broker.** Broker represents, warrants and covenants to DFI Funding that, with respect to itself, including each office or branch operated by Broker and any third party originating Loans under Broker's license to originate mortgage loans ("Loan Originators") and the Loans, the following are true and correct as of the date hereof and shall remain true and correct during the term of this Agreement:
- (a) Broker and each Loan Originator is duly organized, validly existing and in good standing under the laws of the state of its incorporation or organization and is qualified and/or licensed as necessary to transact business in each state where property securing a Loan is located;
 - (b) Broker and each Loan Originator is, and shall at all times remain, knowledgeable and in compliance with all federal, state and local laws and regulations applicable to it and the operation of its business and as an FHA loan correspondent and/or VA authorized agent (if applicable), including, but not limited to, the RESPA, the Home Ownership and Equity Protection Act of 1974, the Fair Credit Reporting Act, the Fair Housing Act, the Equal Credit Opportunity Act, the Truth in Lending Act, the Home Mortgage Disclosure Act and all regulations promulgated under each such law;
 - (c) This Agreement, and all actions provided for herein, have been duly authorized by the Broker's board of directors, if Broker is a corporation, or by such individual(s) empowered and authorized to bind Broker, and Broker shall, upon execution of this Agreement, provide DFI Funding with evidence reasonably satisfactory to DFI Funding for such authorization. Neither the execution of this Agreement nor the consummation of the transactions contemplated herein, nor the fulfillment of or compliance with the terms and conditions of this Agreement will conflict with or result in the breach of any term, condition or provision of Broker's certificate of incorporation or by-laws, any license held by Broker or governing Broker's activities or any agreement to which Broker is a party or by which Broker is bound, or constitute a material default or result in an acceleration under any of the foregoing;
 - (d) There is no suit, action, arbitration or legal, administrative or other hearing that would affect the Broker's ability to perform its obligations hereunder;
 - (e) Broker has not entered into any agreement, commitment or understanding and has no plans to enter into any agreement, commitment or understanding to merge with or into, or sell all or substantially all of its assets to, any other person or entity or dissolve, liquidate or otherwise terminate its corporate rights, existence or franchise;
 - (f) Broker has entered into a written services agreement with each Applicant if required by applicable federal or state law;
 - (g) All Loans have been closed using closing documents prepared or otherwise approved by DFI Funding;

- (h) All documents submitted by Broker or Loan Originator in connection with any Mortgage Loan Package are in every respect valid and genuine, being on their face what they purport to be and all signatures on each promissory note and deed of trust or mortgage are the true signatures of the appropriate Applicant; and
- (i) All information, reports and/or other documents furnished or to be furnished by Broker to DFI Funding pursuant to this Agreement or furnished by Broker to DFI in connection with DFI's review and approval of Broker are true, correct and accurate and no such information, reports and/or other documents contain any untrue statement of fact or omits to state a fact necessary to make the statements contained herein or therein not misleading.

4.2 **Warranties and Representations Regarding Individual Loans.** Broker represents, warrants and covenants to DFI that the following are true and correct with respect to each Loan as of the date DFI acquires or funds such Loan:

- (a) The mortgage note (the "Note"), the deed of trust or mortgage (the "Mortgage") and assignment of mortgage or deed of trust (collectively, the "Collateral Documents") are genuine and each is the legal, valid and binding obligation of the maker thereof, enforceable in accordance with its respective terms. The terms the Note or the Mortgage have not been impaired, waived, altered or modified in any respect, except by written instruments which have been disclosed to, and approved by, DFI Funding in writing and which have been, or will be recorded if necessary to protect the interests of DFI;
- (b) The Loan and the related Collateral Documents comply in all respects with the terms and conditions of this Agreement;
- (c) All representations and warranties made by Broker and all information contained in any documents submitted by Broker to DFI with respect to the Loan are true and correct in all material respects;
- (d) This section has been intentionally deleted.
- (e) This section has been intentionally deleted.
- (f) This section has been intentionally deleted.

without limitation, Title XI of the Financial Institutions Reform, Recover and Enforcement Act and the regulations related thereto; and

- (k) No error, omission, misrepresentation, negligence, fraud or similar occurrence with respect to a Loan, including without limitation, the related documentation has taken place on the part of any person, including without limitation, the Broker, the Mortgagor, any appraiser, any builder or developer, or any other party involved in the origination of the Loan or in the application of any insurance in relation to such Loan.

ARTICLE 5
TERMINATION

- 5.1 **Termination.** Either party may terminate this Agreement at any time with or without cause, which termination shall be effective immediately upon the other party's receipt of written notice thereof. All representations and warranties made herein and the parties' rights and obligations under Section 2.2 and Articles 6 and 7 of this Agreement shall remain in full force and effect notwithstanding any termination of this Agreement. Unless otherwise agreed to in writing by the parties, DFI Funding shall complete underwriting of any Mortgage Loan Package submitted by Broker prior to the date of termination and shall approve or reject funding of such Loans in accordance with the terms of this Agreement.

- 5.2 **Notification of Change in Status.** Broker shall immediately notify DFI Funding in the event (a) Broker changes the name and/or address under or from which it conducts business; (b) there is a change of control of Broker; (c) Broker fails to be in compliance with qualification or licensing laws of any jurisdiction where it conducts business; or (d) Broker files for bankruptcy protection or is a party to any similar proceeding.

ARTICLE 6 GENERAL

- 6.1 **Loan Originators.** Broker shall notify DFI Funding in the event Broker intends to originate Loans through multiple locations or branches or Loan Originators. Broker agrees to provide DFI Funding with such information as DFI Funding may reasonably request regarding such locations and Loan Originators and to cause each Loan Originator to sign, prior to originating any Loans hereunder, a statement whereby Loan Originator agrees to comply with and be subject to the terms and conditions of this Agreement. Notwithstanding anything to the contrary contained in this Agreement, Broker shall be liable for the acts and omissions of its officers, employees and agents, including, without limitation, Loan Originators.
- 6.2 **Relationship of the Parties.** DFI Funding and Broker acknowledge and agree that at all times they are operating as independent parties. This Agreement is for the sole and exclusive benefit and obligation of the parties hereto and nothing contained herein shall be construed to give any party, other than DFI Funding and Broker, any legal or equitable right, remedy or claim under or in connection with any provision of this Agreement. Nothing contained herein shall constitute a partnership or joint venture between DFI Funding and Broker and neither party shall at any time hold itself out to any third party to be an agent or employee of the other.
- 6.3 **DFI Funding's Name.** Broker shall not use DFI Funding's name, trademarks or service marks in any manner, including, without limitation, in any advertising or marketing materials.
- 6.4 **Non-Exclusive Arrangement.** Broker shall not be obligated to submit any or all loan funding requests that it brokers to DFI Funding, it being understood that this is a non-exclusive agreement.
- 6.5 **Governing Law.** This Agreement shall be governed by and construed and enforced under the laws of the State of California, without regard to its conflict of laws principles. In the event of any lawsuit or other proceeding relating to this Agreement, each party hereby consents to jurisdiction in the state and federal courts located in the County of Riverside, State of California.
- 6.6 **Notices.** Except where telephonic instructions or notices are authorized herein to be given, all notices, demands, instructions and other communications required or permitted to be given to or made upon any party hereto shall be in writing and mailed (registered or certified mail, return receipt requested, postage prepaid), sent by overnight courier (charges prepaid), or sent by facsimile (and confirmed by return facsimile), or personally delivered, addressed to the respective party at the address or facsimile number set forth below:

To DFI Funding: DFI Funding, Inc.
4120 Douglas Blvd. #306-521
Granite Bay, CA 95746
Attn.: Broker Approval Department
Facsimile: (916)848-3550

To Broker: _____

Attn.: _____
Telephone: _____
Facsimile: _____
Electronic Mail: _____

Notices delivered personally shall be effective upon delivery. Notices transmitted by facsimile shall be effective when transmitted. Notices delivered by registered or certified mail shall be effective on the date set forth on the receipt of registered or certified mail, or the third business day after mailing, whichever is earlier. Each party shall provide written notice to the other of a change in its address, telephone number or facsimile number.

- 6.7 **Successors and Assigns.** This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. Broker may not transfer or assign any of its obligations, rights or interests under this Agreement without the prior written consent of DFI Funding and any attempted or purported assignment without such consent shall be null and void.
- 6.8 **Severability.** If any term, clause or provision of this Agreement shall be deemed invalid or unenforceable for any reason, the remainder of this Agreement shall remain valid and enforceable in accordance with its terms. The invalidity or unenforceability of any term, clause or provision in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.
- 6.9 **Waiver.** No waiver of any provision of this Agreement or of the rights and obligations of the parties shall be effective unless in writing and signed by an authorized representative of the party waiving compliance. Any such waiver shall be effective only in the specific instance and for the specific purpose stated in such writing.
- 6.10 **Attorneys' Fees.** If any claim, legal action or any arbitration or other proceeding is brought for the enforcement of this Agreement or because of an alleged dispute, breach, default or misrepresentation in connection with any of the provisions of this Agreement, the prevailing party shall be entitled to recover reasonable attorneys' fees and other costs incurred in that claim, action or proceeding, in addition to any other relief to which such party may be entitled.
- 6.11 **Cooperation.** The parties hereto each agree to use commercially reasonable efforts to cooperate fully with each other to perform all their duties hereunder and effectuate the purposes and intents of this Agreement; such cooperation shall include, but shall not be limited to, the correction of errors that may have arisen in connection with the origination of any Loan and provision of any and all information

that may be requested regarding any of the Loans underwritten pursuant to this Agreement.

- 6.12 **Entire Agreement.** This Agreement is the final and exclusive statement of all agreements and understandings between the parties with respect to the subject matter described herein and all oral and written correspondence relating to the subject matter hereof, and any previous agreements entered into between Broker and DFI Funding, are superseded by this Agreement. No change, modification or alteration of this Agreement shall be effective unless in writing and signed by both parties.
- 6.13 **Counterparts.** This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one instrument. Facsimile signatures shall be deemed valid and binding to the same extent as the original.
- 6.14 **Due Diligence and Information Related to Broker.** Broker acknowledges and agrees that any information obtained by DFI Funding from Broker or otherwise in connection with DFI Funding's review and approval of Broker or any Loan submitted to DFI Funding for funding may be provided by DFI Funding to any of its subsidiaries and/or affiliates. With respect to any information related to a Loan submitted to DFI Funding for funding, Broker expressly consents to the release of such information by DFI Funding to its subsidiaries and/or affiliates which may have a need to know such information. Further, any other information provided by Broker to DFI Funding in connection with this Agreement, including, without limitation, any financial reports with respect to Broker, may be shared with and used by such subsidiaries and/or affiliates for similar purposes.
- 6.15 **Changes, Updates and Amendments to Agreement.** From time to time, and upon at least thirty (30) days prior notice to Broker, DFI Funding may change, update and/or amend the terms and conditions of this Agreement. Broker will be bound by such changes, updates and/or amendments upon the effective date of such notice without further need for acknowledgement or signature by Broker. DFI Funding may, from time to time, provide the most current version of this Agreement on the DFI Funding Broker website for Broker's reference.
- 6.16 **Communications with Broker.** Broker acknowledges and agrees that DFI Funding may communicate with Broker and provide Broker with information related to this Agreement or otherwise by any means legally permissible, including, without limitation, telephone, electronic mail and facsimile. To the extent DFI Funding is required by applicable law to obtain Broker's prior consent to receive such communications from DFI Funding via any such means, Broker hereby grants DFI Funding such prior consent for any such applicable law and DFI Funding shall not be required to obtain any additional consents from Broker. By way of example but not limitation, Broker consents and agrees that DFI Funding may provide Broker with Loan pricing information and other information related to DFI Funding's Loan programs to the electronic email address and/or facsimile number provided by Broker in Section 9.6 herein or any other electronic email address and/or facsimile number that Broker may provide to DFI Funding for such purpose and that DFI Funding shall not be required to obtain any additional consents from Broker.

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the date first above written.

DFI Funding, INC.

BROKER

By: _____

By: _____

Name: _____

Name: _____

Its: _____

Its: _____
