# Representations and Warranties

Wholesale Lending Guide

Hometown Equity Mortgage, LLC

## Contents


Overview ..... 3
Application and Funding ..... 3
Application Package ..... 3
Funding ..... 3
No Obligation to Fund ..... 3
Compensation ..... 3
General Warranties ..... 4
Ownership; Prior Involvement ..... 4
Services to Borrower ..... 4
Specific Representations, Warranties and Covenants as to Loans ..... 5
Unacceptable Investment ..... 5
Enforceability of Loan ..... 5
Payments and Advances ..... 5
Regulatory Compliance ..... 5
Approvals ..... 6
No Conflicts ..... 7
Ability to Perform ..... 7
No Litigation ..... 7
No Consent Required ..... 7
Exclusionary Lists ..... 8
High Cost Loans ..... 8
No Predatory Lending ..... 8
Other Insurance Policies ..... 8
Damage; Condemnation ..... 8
Closing ..... 8
Disbursement ..... 9
Application Package and Genuineness of Documents ..... 9
No Third Party Originations (TPO) ..... 9
No Fraud; No Omissions ..... 9
Appraisal ..... 10
Anti-tying ..... 10
Compliance with Requests for Missing or Additional Documentation ..... 10
Loan Documentation ..... 10
Electronic Signatures ..... 10
Loan Officers ..... 12
Existence of Other Conditions ..... 12





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Quoting Loan Interest Rates; Loan Commitments; Delivery of Documents to Loan Applicant or Borrower ..... 12
Control of Documents; Disclosure and Validity of Information ..... 12
Certification of Compliance ..... 13
Delivery of Documents ..... 13
Non-Arm's Length Transactions ..... 13
Adverse Selection ..... 13
Points and Fees ..... 14
Securities Law ..... 14
No Insolvency, etc. ..... 14
Compliance with Laws ..... 14
Early Payoff ..... 14
Early Payment Default ..... 14
Adherence to Fair Lending Standards ..... 15
Hometown Equity Mortgage's Fair Lending Policy ..... 15
Privacy ..... 16
Confidential Information ..... 16
Exceptions ..... 16
Security and Use ..... 16
Return or Destruction ..... 17
Disclosure ..... 17
Security Breach ..... 17
Indemnification ..... 17
Repurchase of Loans ..... 19
Repurchase Price ..... 19
Right of Offset ..... 20
Waiver ..... 21
Equal Opportunity ..... 21
Financial and Other Information ..... 21
Reproduction of Documents ..... 22
Further Assurances ..... 22
No Solicitation ..... 22
Notification of Change in Status or Adverse Information ..... 22
Change in Broker's Organization ..... 23
Relationship of Parties ..... 23
Website Access and Administration ..... 23
Termination ..... 23
Termination without Cause ..... 23
Termination for Cause; Suspension ..... 24
Effect of Termination ..... 24
Survival of Remedies ..... 24
Assignment ..... 24
Events of Default ..... 25



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## Overview

The "Guide" includes all representations, warranties, covenants, requirements and obligations of the Broker set forth herein and in any other documents or agreements entered into from time to time by and between the Broker and Hometown Equity Mortgage, LLC ("Hometown Equity Mortgage") regarding the subject matter hereof, all of which are in addition to, and not in place of, any of the Broker's obligations contained in the Mortgage Loan Broker Agreement (the "Agreement").

## Application and Funding

### Application Package

Broker may register an Application Package with Hometown Equity Mortgage in such manner as Hometown Equity Mortgage may from time to time determine. Broker shall furnish to Hometown Equity Mortgage, at Broker's sole expense, such documentation on forms provided by Hometown Equity Mortgage or in a format generally accepted in the industry and approved by Hometown Equity Mortgage, including, but not limited to, credit, financials, appraisals, and other information concerning Borrower(s) that Hometown Equity Mortgage may require in determining when and if to accept, approve or fund the Loan(s). Broker shall also perform other reasonable services as Hometown Equity Mortgage shall require in connection with closing any Loan(s).

### Funding

Each Loan subject to the Guide shall close with Hometown Equity Mortgage's funds in Hometown Equity Mortgage's name. No Loan may be Table Funded.

### No Obligation to Fund

Hometown Equity Mortgage is under no obligation to underwrite, approve or fund any Loan registered by Broker. Hometown Equity Mortgage shall have no liability to Broker for any refusal or failure to underwrite, approve or fund any Loan. It is the intention of Broker and Hometown Equity Mortgage that Hometown Equity Mortgage be entitled to rely on Broker's representations, warranties and covenants without regard to any act or omission of Hometown Equity Mortgage, and no underwriting, review, closing, auditing, knowledge, or other involvement or opportunity by Hometown Equity Mortgage with respect to the Loan shall affect in any way either the representations, warranties and covenants made by Broker to Hometown Equity Mortgage or the responsibilities and obligations of Broker to Hometown Equity Mortgage hereunder.

## Compensation

Broker Compensation shall be paid as provided in the Guide, which is subject to change without notice at any time in Hometown Equity Mortgage's sole discretion. All expenses incurred by Broker in connection with the Broker's obligations or pursuant to services performed under the Agreement or the Guide will be the sole responsibility of Broker and Broker will perform such services using its own employees.

Broker has in place written compensation plans for each of its loan originator employees in compliance with applicable laws and regulations, including, but not limited to, the originator compensation rules found in Regulation Z, implementing the federal Truth-in-Lending Act, and in accordance with the terms and conditions of this Guide.



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## General Warranties

Broker represents, warrants and covenants to Hometown Equity Mortgage, as of (a) the Submission Date, (b) the time a Loan is closed and funded through the life of such Loan, and (c) any other time as indicated or as the context may require, that the Representations, Warranties and Covenants below are true and correct:

### Ownership; Prior Involvement

Broker has no direct or indirect ownership interest in any property acting as security for the Loan, or affiliation or relationship with any other party having a financial interest in the Loan or the Loan transaction. To the extent Broker or any of its owners, officers, partners, agents or employees has (a) participated in the sale, financing or mortgage origination with respect to the property securing the Loan or (b) assisted a Borrower with obtaining prior financing, whether with respect to the property securing the Loan or otherwise, Broker shall disclose the nature and extent of such relationship in writing to Hometown Equity Mortgage at the time of the submission of the relevant Application Package.

### Services to Borrower

With respect to each Borrower whose Application Package has been submitted by Broker to Hometown Equity Mortgage for funding consideration pursuant to the Agreement, Broker has observed and shall observe and fully discharge any fiduciary or other duties owed by Broker to Borrower under applicable law and under this Guide. In particular, and without limitation to the foregoing, whenever required by such duty, Broker, its employees and/or agents have provided to Borrower any and all requisite disclosures and obtained any and all requisite agreements or authorizations. Broker represents that all services performed by Broker were performed in accordance with accepted and customary standards in the mortgage lending industry. Broker is not aware of any dispute or claim by any Borrower that all such services were not fully and satisfactorily performed. Broker has not coerced or compelled Borrower to accept any Loan or to take any advance pursuant to any Loan. Broker has submitted to Borrower for Borrower's consideration products from multiple lenders (other than Hometown Equity Mortgage) and the total compensation to Broker from each of these lenders (including Hometown Equity Mortgage) in no way influenced the Borrower's or Broker's decision to submit the application to Hometown Equity Mortgage.

Any fees (and the amount of such fees) imposed by Broker upon Borrower have been determined by negotiations between Borrower and Broker. The total fees to be received by Broker have been separately itemized and fully disclosed to Borrower and are reasonably related to the market value of the services rendered by Broker in connection with the Loan. Broker further agrees that Borrower shall not be charged any additional amounts over the fees actually paid to third parties, including but not limited to credit reporting agencies, pest inspection companies, and real estate appraisers.



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## Specific Representations, Warranties and Covenants as to Loans

Broker represents, warrants and covenants to Hometown Equity Mortgage, as of (a) the time any Application Package is submitted to Hometown Equity Mortgage, (b) the time a Loan is closed and funded through the life of such Loan, and (c) any other time as indicated or as the context may require, that the Representations, Warranties and Covenants below are true and correct:

### Unacceptable Investment

Each Loan, including the Application Package, conforms to the specifications, terms, conditions and requirements set forth in this Guide and the Agreement. Broker does not know of any circumstances or conditions with respect to the Mortgage, the Mortgaged Property, the Borrower, the Mortgagor or the Borrower's or Mortgagor's credit standing that could be reasonably expected to cause: (a) Hometown Equity Mortgage not to make the Loan; (b) private institutional investors or other investors to regard the Loan as an unacceptable investment; or (c) the Loan to become delinquent or any other circumstance or condition that could adversely affect the value or marketability of the Loan. Broker shall promptly disclose to Hometown Equity Mortgage any information that reasonably could be expected to be a consideration in Hometown Equity Mortgage's decision to close a Loan including, without limitation, discrepancies between information provided by the Loan applicant and that obtained from other sources, factors bearing on the physical condition of the security property and any irregularities involving the purchase transaction covering the security property or the relationship or involvement of any brokers or escrow depositories in connection therewith.

### Enforceability of Loan

The Loan is not subject to any extended right of rescission, set-off, counterclaim or defense, nor will the operation of any of the terms of the Mortgage Note or the Mortgage, or the exercise of any right thereunder, render either the Mortgage Note or the Mortgage unenforceable, in whole or in part, or subject to any extended right of rescission, set-off, counterclaim or defense, including the defense of usury, as a result of any act, error or omission of Broker or of any other person, other than Hometown Equity Mortgage.

### Payments and Advances

The Broker has not, and no person has, advanced any funds for and/or on behalf of a Mortgagor for the purpose of enabling the Mortgagor to make any required payments of principal or interest on the Loan, or any tax, insurance, special assessment, sewer, utility or similar payments with respect to the property securing the Loan, and no subordinate financing was used in the Mortgagor's acquisition of the property securing the Loan other than subordinate financing acceptable to Hometown Equity Mortgage, Fannie Mae, Freddie Mac, GNMA, FHA , VA, or USDA or other Investor pursuant to their requirements in effect at the time of purchase of the Loan by Hometown Equity Mortgage. The Borrower or Mortgagor has made any down payment required in connection with the Loan, and has received no concession from Broker or any other third person, except as clearly disclosed in writing to Hometown Equity Mortgage, and in accordance with allowable limits as set forth in or contemplated by the Guide.

### Regulatory Compliance

Broker has complied with, and each Loan shall comply with, all Applicable Requirements, including federal, state and local laws and regulations. Each Loan shall also comply with FHA, VA,



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USDA, Fannie Mae, Ginnie Mae or Freddie Mac requirements as applicable. Each Loan shall also comply with applicable laws and regulations in all respects, including, but not limited to the following:

- RESPA
- Flood Disaster Protection Act
- Federal Consumer Credit Protection Act
- Truth-in-Lending Act
- Equal Credit Opportunity Act
- Federal Fair Housing Act
- Home Ownership and Equity Protection Act
- Gramm-Leach-Bliley Act
- Housing and Economic Recovery Act
- Dodd Frank Wall Street Reform and Consumer Protection Act of 2010
- Safe and Fair Enforcement for Mortgage Licensing Act of 2008
- Uniform Electronic Transactions Act
- Home Owners Protection Act
- E-sign Act
- Fair Credit Reporting Act
- Fair and Accurate Credit Transactions Act
- Home Mortgage Disclosure Act
- Bank Secrecy Act/Anti-Money Laundering Act
- any applicable law governing fair lending, a borrower's ability to repay, mortgage loan originator compensation, appraiser independence, predatory or deceptive lending practices, fraud, lack of consideration, unconscionability, consumer credit transactions, consumer protection and consumer privacy, interest or other charges, registration and licensing of mortgage brokers, lenders and loan officers, and mortgage insurance providers.

**Approvals**

Broker and each person employed by or affiliated with Broker that is required to be licensed, approved or registered, has obtained and shall maintain in full force and effect, without material impairment, suspension or revocation, all federal and state governmental approvals, registrations, qualifications, permits and licenses necessary both to perform its obligations hereunder and, if applicable, to conduct origination functions for FHA, USDA or VA loans on Hometown Equity Mortgage's behalf. Broker has complied with all of the requirements of the applicable insuring or guaranteeing agency for FHA, USDA or VA loans.



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Broker is a duly organized and validly existing entity in good standing under applicable laws of its state of formation/organization and is properly licensed and registered in such state or other states in which it is engaged in the business of originating mortgage loans. Broker has the requisite authority and capacity to enter into the 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 the 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 possesses all necessary licenses, permits, and authority to execute and deliver this Agreement and to engage in the activities contemplated by this Agreement, and Broker is in full compliance in all respects, and in good standing, with all regulatory and supervisory agencies having jurisdiction over Broker. Broker shall maintain all licenses and approvals with respect to the foregoing and keep itself in good standing with all applicable agencies and regulatory or supervisory organizations. Broker represents that it employs or will employ a sufficient number of knowledgeable and capable individuals to perform the services required by the Agreement and the Guide.

### No Conflicts

Neither the Guide, nor any of the transactions contemplated thereby nor the fulfillment of the terms and conditions thereof will conflict with or result in a breach of any of the terms, conditions or provisions of the Broker’s articles of incorporation, certificate of formation, charter, by-laws, partnership agreement, operating agreement or other organizational documents (as the case may be), or of any legal restrictions or regulatory directive or any agreement to which Broker is now a party or by which it is bound, or constitute a default or result in any acceleration under any of the foregoing, or result in the violation of any law, rule, regulation, order, judgment, or decree to which Broker or any of its property is subject, or impair the value of any of theLoans.

### Ability to Perform

Broker has the ability to perform each and every obligation of, and/or satisfy each and every requirement imposed on Broker pursuant to the Guide, and no offset, counterclaim or defense exists to the full performance by Broker of the requirements thereunder.

### No Litigation

There is no action, suit, proceeding, inquiry, review, audit or investigation pending or threatened by or against Broker that, either in any one instance or in the aggregate, may result in any material adverse change in the business, operations, financial condition, properties or assets of Broker, or in any material liability on the part of Broker, or which would draw into question the validity or enforceability of the Guide or the Loans, or of any action taken or to be taken in connection with the obligations of Broker contemplated in the Agreement, or which would be likely to materially impair the ability of Broker to perform under the terms of the Agreement.

### No Consent Required

No consent, approval, authority or order of any court or governmental agency or body is required for the execution and performance by Broker of, or compliance by Broker with, the Agreement, the sale of any of the Loans, or the consummation of any of the transactions contemplated by the Guide.



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### Exclusionary Lists

The Broker represents and warrants that no person or entity listed on the Freddie Mac Exclusionary List, the U.S. General Service Administration's (GSA) Excluded Party List, or the HUD Limited Denial of Participation List (LDP) is employed by the Broker and/or played a role in the origination or delivery of a Mortgage to Hometown Equity Mortgage, or in the underlying real estate transaction. The Broker acknowledges that prohibited roles include, without limitation: (a) Borrowers, trustees on the deed, builders, developers, property sellers, loan officers, loan processors, underwriters, Mortgage Brokers, Mortgage Service Providers, appraisers, title insurers, real estate brokers and agents, and closing or settlement agents and (b) Broker's owners, management and employees. Furthermore, the Broker represents and warrants that it will maintain sufficient processes and controls to meet this warranty obligation. Further, Broker understands and acknowledges that Hometown Equity Mortgage may not fund a Loan if Hometown Equity Mortgage determines that any person or entity acting in any of the above listed roles is listed on an exclusionary list.

### High Cost Loans

None of the Loans submitted by Broker qualify as a "High Cost Loan", "Section 32" loan or are in any other way considered predatory loans under applicable federal, state or local law.

### No Predatory Lending

No predatory or deceptive lending practices, including, but not limited to, the extension of credit without regard for the Mortgagor's ability to repay the Loan, and/or the extension of credit which has no apparent benefit to the Mortgagor, were employed in connection with the Loan application. Each Loan application is in compliance with the anti-predatory lending eligibility requirements of the Guide and all such requirements found in federal, state and local law and all applicable Agency or Investor rules and regulations.

### Other Insurance Policies

No action, inaction or event has occurred and no state of facts exists or has existed that has resulted or will result in the exclusion from, denial of, or defense to coverage under any applicable special hazard insurance policy, PMI Policy or bankruptcy bond, irrespective of the cause of the foregoing. In connection with the placement of any such insurance, no commission, fee, or other compensation has been or will be received by Broker or by any officer, director, or employee of Broker or any designee of Broker or any entity in which Broker or any officer, director, or employee had a financial interest at the time of placement of such insurance.

### Damage; Condemnation

Broker warrants that at the time of closing and funding of the Loan, the property securing the Loan is free of damage, waste and environmental hazards; the property and its improvements are not in violation of any applicable zoning law or regulation, and there is no proceeding pending for the total or partial condemnation thereof, unless such issue(s) is being addressed with a Repair Set Aside Account (also known as an "Escrow Holdback") specifically approved by Hometown Equity Mortgage.

### Closing

Each Loan to a Mortgagor and the related Note has been closed by a Closing Agent on Hometown Equity Mortgage's approved list of Closing Agents at the time of the closing. No Closing Agent is an agent or affiliate of Broker unless such agency, affiliation or other similar relationship has been expressly approved in writing by Hometown Equity Mortgage. All Loans will be on forms acceptable to Hometown Equity Mortgage and closed, if applicable, in accordance



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with the terms and conditions set forth herein, specifically including, but not limited to, Hometown Equity Mortgage's closing instructions, by closing agents that maintain errors and omissions insurance policies reasonably acceptable to Broker and sufficient to indemnify Broker and its assigns against losses due to the closing agent's negligence, misconduct and/or failure to follow written closing instructions. Each Closing Agent has fully disbursed all proceeds in accordance with the related Closing Disclosure and closing instructions. At Hometown Equity Mortgage's request, Broker agrees to provide to Hometown Equity Mortgage a copy of Broker's approved list of Closing Agents at the beginning of each calendar quarter.

### Disbursement

Other than with respect to any disbursements by Hometown Equity Mortgage, all costs, fees and expenses incurred in making and closing the Loans were paid to the appropriate parties. No Borrower is entitled to any refund of any amounts paid or due to Hometown Equity Mortgage pursuant to any Loan transaction. The Closing Agent shall disburse all related funds in compliance with Good Funds and Wet Settlement requirements in states which require the same.

### Application Package and Genuineness of Documents

The Application Package contains each of the documents and instruments required by the Guide, Applicable Requirements, or Agency, Investor or Insurer requirements, duly executed and in due and proper form and each such document or instrument is genuine and in a form acceptable to Agencies, Investors and Insurers and the information contained therein is true, accurate and complete. The Loan was originated in accordance with the Guide and applicable Agency, Investor and Insurer underwriting standards in effect at the time the Loan was originated.

### No Third Party Originations (TPO)

Each Application Package must be originated and processed by Broker and not a third party as defined herein; despite this general prohibition, however, Broker may use third party loan processors provided that by using such third party loan processors Broker agrees that Broker shall have sole and exclusive responsibility for the work product of such third party loan processors. Broker agrees to conduct a face-to-face interview with applicant(s), unless otherwise permitted by Fannie Mae, Freddie Mac, FHA, VA USDA and/or GNMA, as appropriate.

### No Fraud; No Omissions

No fraud was committed in connection with the origination of the Loan. No action, error, omission, misrepresentation, negligence, fraud or similar occurrence with respect to the Loan has taken place on the part of any person, including, without limitation, the Mortgagor, any appraiser (unless the appraisal was ordered by Hometown Equity Mortgage, in which case the Broker makes this representation as to the appraiser only to the best of Broker's knowledge), any builder or developer or insurer or any party involved in the origination of the Loan, or in the application for any insurance relating to such Loan that might result in a denial, failure or impairment of full and timely coverage under any insurance policies required to be obtained or any pool insurance policy covering the Loan. The documents, instruments and agreements contained in the Application Package, Loan File, or in any way relating to the Loan, or any other documents submitted to Hometown Equity Mortgage are in every respect valid and genuine, comply with industry standards, were not falsified and contain no untrue statement of fact or omit to state a material fact.

Broker and Hometown Equity Mortgage agree that Hometown Equity Mortgage may conclusively rely on all information, documents, and reports contained in the Application Package supplied to



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it and submitted by Broker and the authenticity and accuracy contained therein. Hometown Equity Mortgage's failure to conduct an independent investigation with respect to the Application Package or Loan File shall not affect or modify the representations, warranties or covenants made by Broker and other duties of Broker or the rights and remedies available to Hometown Equity Mortgage for a breach thereof. Underwriting of the Loan by Hometown Equity Mortgage does not waive Broker's responsibility for the authenticity and accuracy of all information, documents and reports contained in the Application Package or Loan File. All parties to the Mortgage Note and the Mortgage Instrument and any other related agreement had legal capacity to enter into the Loan and to execute and deliver the Mortgage Note and the Mortgage Instrument and any other related agreement, and the Mortgage Note and the Mortgage Instrument have been duly and properly executed by such persons. By making the foregoing warranty Broker is warranting the accuracy of all information contained in any Loan package submitted to Hometown Equity Mortgage, whether or not Broker has knowledge of or reason to suspect any inaccuracy, misrepresentation or fraud.

### Appraisal

The appraisal process and the appraisal itself comply in all respects with the Guide's requirements relative to appraisals, appraisers and appraisal independence. Broker has no knowledge of any circumstances or conditions which might indicate that the appraisal is incomplete or inaccurate.

### Anti-tying

Broker shall comply with all applicable anti-tying restrictions, including, but not limited to, the restrictions of the Bank Holding Company Act, Regulation Y, and the Housing and Economic Recovery Act.

### Compliance with Requests for Missing or Additional Documentation

Broker shall comply with any request by Hometown Equity Mortgage for missing, corrected or additional documentation related to a Loan. Broker shall promptly comply with any such request, regardless of whether the request was made prior to or after the closing of the related Loan, but, unless otherwise agreed to by Hometown Equity Mortgage, Broker shall comply with any such request within ten (10) calendar days after receipt of a request from Hometown Equity Mortgage. Broker shall be responsible for any penalty or re-pricing as a result of Broker's failure to comply with any such request within the time frame set forth above, regardless of whether the failure is directly attributable to Broker.

### Loan Documentation

The Loan Documents include all documentation required under all applicable laws and regulations. All Loan Documents have been duly executed and delivered to the Mortgagor as required by applicable laws and regulations.

### Electronic Signatures

The Uniform Electronic Transaction Act (UETA) and the Federal Electronic Signatures in Global and National Commerce Act (ESIGN) enable electronic transactions, including electronic signatures. Unless stated otherwise in the applicable Program Guide, Hometown Equity Mortgage will permit the use of electronic signatures on most initial disclosures and documents required at loan submission provided the loan is in compliance with UETA and ESIGN established requirements, all applicable state and federal guidelines, all Hometown Equity Mortgage requirements, and all investor requirements. For Non-Agency products, please refer to the applicable Program Guide for e-sign eligibility.



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Upon delivery of a loan to Hometown Equity Mortgage, the Broker represents and warrants the following:

- Each document with electronic signatures was completed using a Hometown Equity Mortgage approved document signature vendor. Approved vendors are as follows:
  - Calyx / http://www.calyxsoftware.com/index.asp
  - DocMagic / www.docmagic.com
  - DocuSign / www.docusign.com
  - Dotloop / www.dotloop.com
  - e-SignLive-By Silanis / www.silanis.com/products/edition-and-pricing
  - EchoSign / www.echosign.com
  - Encompass / http://www.elliemaebiz.com/encompass/document-management/encompass-docs-solution
  - GoPaperless / http://gopaperless.com/
  - IDS / http://info.idsdoc.com
  - Instanet Solutions / http://www.instanetsolutions.com/authentisign.htm
  - peirsonpatterson / http://www.peirsonpatterson.com
  - RightSignature / www.rightsignature.com
  - SureDocs / www.alamode.com/mortgage/product/suredocs
- Electronic signatures **have not** been used for the following documents:
  a. Documents requiring a notary signature
  b. Power of Attorney (POA) (When a POA will be used for initial or final documents, electronic signatures cannot be used for any of the documents or disclosuresthat must be signed.)
  c. Documents that require the borrower to complete or check a box prior tosigning
  d. Closing/Settlement documents
- The borrower's written consent was obtained prior to providing the documents electronically. Such consent clearly identifies the documents to be signed electronically.
- All Loan-level records containing electronic signatures accurately reflect the information included in all applicable contracts, notices or disclosures.
- Broker agrees to make all electronic records accessible to all persons who arelegally entitled to access, in a form that is capable of being accurately reproduced for later reference.
- Broker will retain the application documents and electronic records associated with each mortgage loan, and documentation of the borrower's E-Sign consent and agreement in accordance with federal and state law, company record retention policies



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and investor policies.

Loans submitted with unauthorized documents containing electronic signatures or documents that are signed using a non-approved document signature vendor will be suspended pending receipt of the appropriate document(s).

Hometown Equity Mortgage reserves the right to require copies of electronic signature records at any given time.

### Loan Officers

Notwithstanding anything to the contrary contained in the Guide, Broker shall be liable for the acts and omissions of its officers, employees and agents, including, without limitation, its loan officers. Each loan officer was appropriately licensed and in good standing with the applicable regulatory body related to any loan submitted by Broker.

### Existence of Other Conditions

Broker has no knowledge nor any reason to know of any of the following: (a) detrimental conditions which could reasonably be expected to adversely affect the market value of the Mortgaged Property including, but not limited to, expansive soils, underground mines or storage tanks, soil subsidence, landfills, superfund sites, special study zones or other similar conditions; (b) outstanding mechanics' liens or material mans' liens which are or may be a lien prior to, or of equal priority with, the lien of the security instrument (except those that are affirmatively insured against by the title insurance policy); or (c) outstanding oil, gas or other mineral interests now owned or controlled by the proposed Borrower which might jeopardize the security interest in the Mortgaged Property or in any manner diminish the value of the Mortgaged Property.

### Quoting Loan Interest Rates; Loan Commitments; Delivery of Documents to Loan Applicant or Borrower

Prior to the approval of an Application Package by Hometown Equity Mortgage, Broker shall not make any representations to the effect that Hometown Equity Mortgage has approved or issued a commitment to fund the Loan and, during such time, Broker shall make clear that any current interest rates or fees quoted are for guidance purposes only and that the same shall not necessarily be the interest rates or fees that shall apply to the Loan if and when the same is approved by Hometown Equity Mortgage, and that Broker is not authorized to approve an Application Package on Hometown Equity Mortgage's behalf.
Broker shall deliver to loan applicants any documents directed to be so delivered by Hometown Equity Mortgage or otherwise required by the Guide or applicable laws or regulations.

### Control of Documents; Disclosure and Validity of Information

No Borrower or other Interested Party to the transaction (as defined within the Guide and by the applicable Agency and Investor Guidelines) shall have had in his or her direct or indirect possession or control any credit, income or deposit verification document from a third party submitted to Hometown Equity Mortgage with respect to any Loan. Broker has made and shall make prompt, timely, full, accurate and truthful disclosure to Hometown Equity Mortgage of all facts, information and documentation that Broker may know, suspect, or have notice of, which could affect or has affected the validity, collectability, collateral value, security, or enforceability of any Application Package submitted by Broker for funding consideration by Hometown Equity Mortgage. All information submitted by Broker to Hometown Equity Mortgage with regard to the Application Packages, including all written attachments thereto, is true, correct, currently valid and genuine, and the dates appearing on each document presented to or



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signed by a Borrower accurately reflect the date of delivery or execution, as applicable.

### Certification of Compliance

When requested by Hometown Equity Mortgage, or when otherwise reasonable, Broker shall determine whether any and all requirements imposed as a condition of funding a Loan have been fully performed or completed, and if it finds them fully performed or completed, Broker shall, upon request, certify that such matters have been fully performed or completed in accordance with the terms and conditions imposed. By such certification of compliance, Broker shall assume all responsibility to remedy any consequent deviation, deficiency, or deficit.

### Delivery of Documents

Broker agrees to perform, at its sole cost and expense, all acts necessary to perfect title to the Loans in Hometown Equity Mortgage, and shall deliver to Hometown Equity Mortgage all Loan Documents, all subject to the approval of Hometown Equity Mortgage and its legal counsel as to proper form and execution. All Loan Documents relating to the Loans and all other documents required to be delivered to Hometown Equity Mortgage by Broker that are in the possession or control of Broker or any settlement agent and are not delivered to Hometown Equity Mortgage, if any, are and shall be held in trust for the benefit of Hometown Equity Mortgage. In the event any such original documents have not been delivered to Hometown Equity Mortgage within a reasonable time following the Closing Date, Broker shall provide (at Hometown Equity Mortgage's discretion) Hometown Equity Mortgage with periodic reports detailing the location of each such document and the steps being taken by Broker to obtain possession thereof; provided, however, that in the event any such document has not been delivered to Hometown Equity Mortgage within 90 days following the Closing Date, Broker shall, upon written demand of Hometown Equity Mortgage, repurchase the related Loan, in the manner and fashion contemplated under this Guide for breach of representation or warranty. In the event any Loan Document is not promptly delivered to Hometown Equity Mortgage, Broker shall pay Hometown Equity Mortgage's costs in researching and acquiring such Loan Documents. However, if an Investor, recording office or municipality is solely responsible for a missing or trailing Loan Document, the Broker shall give satisfactory written evidence thereof to Hometown Equity Mortgage together with a representation that the Broker is diligently trying to obtain such Loan Document from such entity.

### Non-Arm's Length Transactions

The Broker represents and warrants that there is no relationship or business affiliation between the Broker and the Borrower or the builder, developer or seller of the property, unless such relationship or business affiliation is permitted by the applicable Agency, Investor and Hometown Equity Mortgage, and further provided that such relationship or business affiliation has been fully disclosed in the Loan File. Furthermore, the Broker acknowledges that the prohibited relationships and business affiliations include, without limitation: (a) *Broker* includes Broker's owners, management and any employees involved in the applicable Loan or underlying real estate transaction; (b) *relationships* include, but are not limited to, a spouse, child, or other dependent, or any other individual who is related by blood, marriage, adoption or legal guardianship or a fiancé, fiancée or domestic partner (c) *business affiliation* includes, but is not limited to, entities that are subject to common ownership or operating control and that are operated as part of the same system orenterprise.

### Adverse Selection

No selection procedures were used by the Broker that identified the Mortgage Loans as being less desirable or valuable than other comparable Mortgage Loans in the Broker's pipeline or



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portfolio.

**Points and Fees**

The total combined points and fees charged to the Borrower by Hometown Equity Mortgage and the Broker must not exceed Hometown Equity Mortgage, the applicable Agency, Investor, federal, state or local regulatory requirements, including the Qualified Mortgage Points and Fees limitations. Each conforming loan delivered to Hometown Equity Mortgage shall be a "qualified mortgage" as defined in the guidance set forth by the Dodd-Frank Act promulgated by the Consumer Financial Protection Bureau ("CFPB").

**Securities Law**

Hometown Equity Mortgage has made no representation whatsoever to Broker concerning the applicability or inapplicability of the Security Act of 1933, as amended (the "1933 Act") or of any state securities laws (each, a "State Act") to the transactions that are contemplated by this Agreement. Broker hereby represents and warrants:

- The offer, issuance, sale and delivery of Loans under the circumstances contemplated hereunder constitute exempted transactions under the registration provisions of the 1933 Act, and the registration of Loans under the 1933 Act is not required in connection with any such offer, issuance, sale or delivery of Loans; and
- The offer, issuance, sale and delivery of Loans under the circumstances contemplated hereunder constitute exempted transactions under applicable state acts, and neither the registration nor qualification of Loans under such state acts nor the authorization, approval, or consent of any governmental authority or agency is required or necessary in connection with any such offer, issuance, sale or delivery of Loans.

**No Insolvency, etc.**

Broker has not transferred any Loan to Hometown Equity Mortgage with any intent to hinder, delay or defraud any of Broker's creditors. Broker is not insolvent and the sale of the Loans will not cause Broker to become insolvent. The consideration received by Broker upon the sale of the Loans under the Guide constitutes fair consideration and reasonably equivalent value for the Loans.

**Compliance with Laws**

Broker has complied with, and has not violated any law, ordinance, requirement, regulation, rule or order applicable to its business or properties, the violation of which might adversely affect the operations or financial conditions of Broker or the ability of Broker to consummate the transactions contemplated by the Guide.

**Early Payoff**

In the event any Loan funded by Hometown Equity Mortgage hereunder is paid in full within 220 calendar days of the date such Loan was funded by Hometown Equity Mortgage, the Broker shall, within 30 days after notice from Hometown Equity Mortgage, pay Hometown Equity Mortgage (a) an administrative fee plus the amount demanded by Hometown Equity Mortgage, including all costs and expenses reasonably incurred by Hometown Equity Mortgage, (b) the greater of (i) the equivalent of all monies received by Broker from Lender with regard to such loans as well as all monies that Broker received at the direction of borrower which borrower received from Lender in the form of credits or such fees as paid by Borrower to Broker as borrower-paid-compensation with regard to such loans or (ii) an amount equal to 100 basis points (1%) multiplied by the original Loan amount. No portion of any sums paid by Broker to Lender pursuant to the EPO may



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be charged back to the borrower by Broker.

**Early Payment Default**
In the event any of the first six (6) payments due to Hometown Equity Mortgage or its assigns on any Loan becomes thirty (30) calendar days or more delinquent, the Loan shall be considered an "Early Payment Default".

For purposes of this section, a Loan is considered delinquent if a payment is not received on or before its designated due date on the Mortgage Note. Broker shall, within 30 days after notice from Hometown Equity Mortgage, pay Hometown Equity Mortgage (a) an administrative fee plus the amount demanded by Hometown Equity Mortgage, including all costs and expenses reasonably incurred by Hometown Equity Mortgage, (b) the greater of (i) the equivalent of all monies received by Broker from Lender with regard to such loans as well as all monies that Broker received at the direction of borrower which borrower received from Lender in the form of credits or such fees as paid by Borrower to Broker as borrower-paid-compensation with regard to such loans or (ii)an amount equal to 100 basis points (1%) multiplied by the original Loan amount. No portion of any sums paid by Broker to Lender pursuant to the EPD may be charged back to the borrower by Broker.

## Adherence to Fair Lending Standards

Broker understands and acknowledges that Hometown Equity Mortgage is fully committed to the principles of Fair Lending and to encouraging each of its business partners, including Broker, to follow similar principles. Broker warrants that each of its owners, officers, partners, agents and employees are all adequately trained in Fair Lending policies and procedures. Broker has acknowledged that Broker has received and reviewed the Fair Lending Policy adopted by Hometown Equity Mortgage and that Broker has taken and will continue to take action to ensure that Broker and each of its owners, officers, partners, agents and employees are adequately trained in and follow generally recognized Fair Lending policies and procedures.

### Hometown Equity Mortgage's Fair Lending Policy

Hometown Equity Mortgage is committed to making available meaningful mortgage credit services to all of our customers and potential customers within each of our diverse communities on a fair and equitable basis. We will provide every customer and potential customer an equal opportunity to apply for each of our available mortgage services. We believe that our commitment to fair lending is a good and sound business practice that allows us to serve all of our customers and communities. We believe that our success at serving a wide range of consumer and business credit customers is essential to the economic vitality of Hometown Equity Mortgage.

Hometown Equity Mortgage will not tolerate discrimination in its lending or business practices by any of our officers, employees, or approved mortgage brokers in serving our customers and potential customers. Hometown Equity Mortgage will always strive to lead by example in assuring that fair lending principles are fully integrated into all of our corporate policies and procedures, our marketing efforts and our relationships with third parties involved in the credit process.

We believe that our commitment to fair lending is strengthened and reinforced by our equally strong commitment to the creation of a diverse workforce, which will continue to reflect the values, aspirations and spirit of our multicultural communities, and thereby allow us to better understand and respond to the legitimate multifaceted credit needs of our communities.

In order to fulfill our commitment, we have empowered each of our officers and employees to use their best personal and professional efforts and resources to continue to make available meaningful services to all of our customers and communities on a fair and equitable basis.



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# Privacy

## Confidential Information

Each party hereto (as "Recipient") may have access to and each party hereto (as "Owner") may provide to the other party, information that Owner regards as confidential or proprietary. "Confidential Information" includes, but is not limited to, the following information, whether now in existence or hereafter created: (a) any and all information of or about either party's customers of any nature whatsoever, and specifically including without limitation, the fact that someone is a customer or prospective customer of either party, all lists of customers, former customers, applicants and prospective customers and all personal or financial information relating to and identified with such persons ("Customer Information"); (b) all business, financial, technical, and pricing information of Owner and any of Owner's vendors; (c) Owner's marketing philosophy and objectives, promotions, markets, materials, financial results, technological developments and other similar proprietary information and materials; (d) all information marked as "confidential" or similarly marked, or information that Recipient should, in the exercise of reasonable business judgment, recognize as prepared by Owner, Recipient or others, which contain or otherwise reflect Confidential Information; (e) all Proprietary Product of Hometown Equity Mortgage, and; (f) all Proprietary Software of Hometown Equity Mortgage. Without limitation the terms of the Agreement and the Guide shall be Confidential Information of Hometown Equity Mortgage.

## Exceptions

Except for Customer Information, the term "Confidential Information" excludes any portion of such information that Recipient can establish to have been: (a) publicly known without breach of the Agreement; (b) known by Recipient without any obligation of confidentiality, prior to disclosure of such Confidential Information; (c) received in good faith from a third-party source that to Recipient's reasonable knowledge rightfully disclosed such information; or (d) developed independently by Recipient without reference to Owner's Confidential Information. If Recipient is required by a court or governmental agency having proper jurisdiction to disclose any Confidential Information, Recipient must promptly provide to Owner notice of such request to enable Owner to seek an appropriate protective order.

## Security and Use

Each party must establish and maintain data security policies and procedures designed to ensure the following: (a) security and confidentiality of Customer Information; (b) protection against anticipated threats or hazards to the security or integrity of Customer Information; and (c) protection against the unauthorized access or use of Customer Information. Confidential Information must be held in confidence and disclosed only to those employees or agents whose duties reasonably require access to such information. Recipient may use the Confidential Information only as necessary for Recipient's performance hereunder. Recipient must protect Owner's Confidential Information using at least the same degree of care, but no less than a reasonable degree of care, to prevent the unauthorized use, disclosure orduplication (except as required for backup systems) of such Confidential Information as Recipient uses to protect its own confidential information of a similar nature. Recipient's limited right to use the Confidential Information expires upon expiration or termination of the Guide for any reason. Recipient's obligations of confidentiality and non-disclosure survive termination or expiration for any reason of the Guide.



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### Return or Destruction

Recipient is required to develop appropriate security measures for the proper disposal and destruction of Confidential Information. Upon expiration of Recipient's limited right to use the Confidential Information, Recipient must return all physical embodiments thereof to Owner or, with Owner's permission, Recipient may destroy the Confidential Information (except for any backups thereof).

### Disclosure

If disclosure of Confidential Information to third parties is required or allowed under this Privacy Section of the Guide, Recipient must ensure that such third parties have express obligations of confidentiality and non-disclosure substantially similar to Recipient's obligations hereunder. Liability for damages because of disclosure of Confidential Information by any such third parties must be borne by Recipient. If Recipient or any of its representatives or agents breaches the covenants set forth in this Privacy Section of the Guide as to Confidential Information, irreparable injury may result to Owner or third parties entrusting Confidential Information to Owner. Therefore, Owner's remedies at law may be inadequate and Owner shall be entitled to seek an injunction to restrain any continuing breach. Notwithstanding any limitation on Recipient's liability, Owner shall further be entitled to any other rights and remedies that it may have at law or in equity.

### Security Breach

If there is any actual or suspected theft of, accidental disclosure of, loss of, or inability to account for any Confidential Information by Recipient and/or any unauthorized intrusions into Recipient's facilities or secure systems (collectively "Security Breach"), Recipient must immediately (a) notify Owner (b) estimate the Security Breach's effect on Owner (c) specify the corrective action to be taken, and (d) investigate and determine if an Security Breach has occurred. If, based upon Recipient's investigation, Recipient determines that there has been an actual Security Breach, Recipient must promptly notify Owner and must promptly investigate the scope of the Security Breach, and must promptly take corrective action to prevent further Security Breach. Recipient must, as soon as is reasonably practicable, make a report to Owner including details of the Security Breach (including Customer(s)' identities and the nature of the information disclosed) and the corrective action Recipient has taken to prevent further Security Breach. Recipient must, in the case of a Security Breach, cooperate fully with Owner to notify Owner's Customer(s) as to the fact of and the circumstances of the Security Breach of the Customer's particular information. Additionally, Recipient must cooperate fully with all government regulatory agencies and/or law enforcement agencies having jurisdiction and authority for investigating a Security Breach and/or any known or suspected criminal activity. Except as may be strictly required by applicable law, Recipient agrees that it will not inform any third party of any such Security Breach without Owner's prior written consent; however, if such disclosure is required by applicable law, Recipient agrees to work with Owner at no additional cost to Owner regarding the content of such disclosure.

## Indemnification

Broker agrees to indemnify and hold Hometown Equity Mortgage and its officers, directors, employees, representatives or affiliates harmless against any and all claims, losses, expenses, costs, obligations and liabilities, including reasonable attorney's fees and expenses, which result or arise from the breach of any representation or warranty of Broker, or default in the performance of any covenant of Broker, contained in this Agreement or the Guide. In connection with the indemnification of a



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Loan, Broker agrees to (1) pay Hometown Equity Mortgage a fee for administrative expenses to be determined by Hometown Equity Mortgage and (2) to return any lender paid compensation received by Broker in connection with such Loan. Without limiting the foregoing, Broker agrees to indemnify and hold Hometown Equity Mortgage and its officers, directors, employees, representatives or affiliates harmless against any and all claims, losses, expenses, costs, obligations and liabilities, including reasonable attorney's fees and expenses, resulting from:

- any Loan that fails to conform with applicable requirements
- the Broker's failure to deliver the loan file within the time period required by the Guide or the Agreement
- the submission of a Loan that is not eligible for sale by Hometown Equity Mortgage
- losses resulting from missing or incorrect Loan documentation
- Broker or any other party to the transaction (other than Hometown Equity Mortgage) making false warranties, representations or statements regarding Loans whether or not Hometown Equity Mortgage or Broker was a party to or had knowledge of such false warranty, representation or statement
- a failure to provide Hometown Equity Mortgage with information that is true, complete and accurate concerning a Loan
- Hometown Equity Mortgage being required by an Investor to repurchase or indemnify a Loan for any reason including, but not limited to, a breach of any representation or warranty made pursuant to the Agreement or the Guide

With respect to claims for indemnity hereunder by Hometown Equity Mortgage not related to claims by third parties, the Broker shall respond to any such claim in writing within ten (10) calendar days which response shall set forth:

- the extent to which such claim is conceded
- the extent to which such claim is disputed, both as to subject matter and amount with accompanying documentation supporting the basis for disputing any such claim

With respect to claims for indemnity hereunder related to claims by third parties, promptly after receipt by Hometown Equity Mortgage of notice of the commencement of any action, Hometown Equity Mortgage will, if a claim in respect thereof is to be made against Broker hereunder, notify Broker of the commencement thereof, but the omission to so notify Broker will not relieve Broker from any liability that Broker may have to Hometown Equity Mortgage except to the extent that Broker has been materially prejudiced by such failure.

In case any such action is brought against Hometown Equity Mortgage, and it notifies Broker of the commencement thereof, Broker will be entitled to participate therein, and, to the extent that Broker may wish, to assume (at its own expense) the defense thereof, with counsel satisfactory to Hometown Equity Mortgage (which counsel may be counsel to Broker). If Broker assumes the defense of any proceeding, it shall be entitled to settle such proceeding with the consent of Hometown Equity Mortgage, which will not be



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unreasonably withheld or delayed, if such settlement provides for release of Hometown Equity Mortgage in connection with all matters relating to the proceeding which have been asserted against Hometown Equity Mortgage in such proceeding by the other parties to such settlement.

Broker's obligation to fully indemnify Hometown Equity Mortgage under this Guide and the Agreement shall not be affected by Hometown Equity Mortgage taking any of the following actions with or without notice to Broker: (a) underwriting of the Loan; (b) liquidation, repayment, retirement, or sale or resale of any Loan, or any other form of loss mitigation or remediation; (c) foreclosure of any Loan; (d) sale or resale of the property securing any Loan; or (e) termination of Broker by Hometown Equity Mortgage.

## Repurchase of Loans

In the event there exists a basis to demand indemnification or repurchase under this Guide or the Agreement with respect to any Loan, Broker shall, at Hometown Equity Mortgage's option, repurchase such Loan from Hometown Equity Mortgage at the Repurchase Price and, at Hometown Equity Mortgage's option, repurchase the Servicing Rights. Broker shall repurchase such Loan by wire transfer within thirty (30) calendar days following receipt from Hometown Equity Mortgage of written demand pursuant hereto. Broker shall pay all costs and expenses reasonably incurred by Hometown Equity Mortgage in effecting the re-conveyance of a funded Loan. Upon completion of such purchase by Broker, Hometown Equity Mortgage shall forward to Broker all servicing records and all documents relating to such purchased Loans. Broker's indemnification and repurchase obligations shall survive termination of the Agreement.

### Repurchase Price

The Repurchase Price for Loans subject to a Repurchase obligation shall be as follows:

- The aggregate unpaid principal balance; plus
- All interest accrued but unpaid on the principal balance of the Loan from the paid-to-date of the Loan through and including the last day of the month in which the repurchase is made; plus
- All costs and expenses, including but not limited to, reasonable fees and expenses of counsel (both in-house and outside counsel) incurred by Hometown Equity Mortgage in enforcing Broker's obligation to repurchase such Loan and/or resulting from any breaches of Broker's representations and warranties under this Agreement; plus
- Any unreimbursed advances of taxes, insurance or other property related expenses made by Hometown Equity Mortgage with regard to such Loan as of the date of repurchase; plus
- Any lender paid compensation received by Broker in connection with a Loan delivered to Hometown Equity Mortgage; plus
- Any interest on the amounts due pursuant to Broker's repurchase obligation at the Loan note rate from the end of the month in which a foreclosure sale has occurred until and including the date of repurchase by Broker if the mortgage property securing the Loan was purchased by Hometown Equity Mortgage pursuant to such sale; less



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- Any net proceeds collected by Hometown Equity Mortgage from a foreclosure sale of the subject property; less
- Any proceeds of mortgage insurance collected by Hometown Equity Mortgage in connection with the Loan.

In addition to any other remedies to which Hometown Equity Mortgage may be entitled, Broker agrees to repurchase any Loan, upon demand and pursuant to the procedures and at the Repurchase Price as described herein in any of the following circumstances:

- The Broker breaches any representation, warranty or covenant in theAgreement or Guide, or any Loan otherwise fails to conform to the applicable requirements for such Loan as set forth in the Agreement or Guide.
- All applicable documents required by the Agreement or Guide are not submitted to Hometown Equity Mortgage within required timeframes as outlined in the Agreement or Guide.
- Any Agency or any other Investor to whom Hometown Equity Mortgage sells a Loan or related security demands that Hometown Equity Mortgage repurchase a Loan in connection with a breach of any representation or warranty made by the Broker.

**The Below Shall Apply To Non-Agency (Non-QM) Loans:**

If a Loan is a Purchase Remedy Mortgage Loan, then Company shall provide notice to Broker that Broker must repurchase such Loan, and Broker will purchase such Loan from Company. In such event, the purchase price that Broker will pay to Company will be the sum of (i) the unpaid principal owed on the Loan, plus (ii) accrued interest owing on the Loan, plus (iii) all lender paid compensation, if any, paid to Broker by Company with regard to the Loan as well as all monies that Broker received at the direction of borrower which borrower received from Lender in the form of credits or such fees as paid by Borrower to Broker as borrower-paid-compensation with regard to such loans, plus (iv) a repurchase fee plus (v) Company's costs for collecting and securing the Loan including foreclosure costs, attorney fees, property preservation fees and advances for real estate taxes, insurance and other property expenses, plus (vi) any penalties or other amounts other than those listed above paid to third parties with respect to the repurchase.

"Purchase Remedy Mortgage Loan" means a Loan that (i) at the sole discretion of Company, after its consideration of relevant facts and circumstances, is the subject of a fraud, misrepresentation or material omission, (ii) a Loan with regard to which, Broker or any of its employees are not properly licensed if and as required under Applicable Law, (iii) a Loan that a third party requested Company repurchase, and/or (iv) a Loan for which one (1) or more of the first six (6) payments due is paid more than thirty (30) days after the date on which such payment was due.

## Right of Offset

In addition to any other rights and remedies available to Hometown Equity Mortgage, including, without limitation, the rights and remedies of Hometown Equity Mortgage under the Guide, Hometown Equity Mortgage shall have the right, at any time, and from time to time, without notice, to offset and to appropriate or apply any and all deposits of money or property or any other indebtedness at any time held or owing by Hometown Equity Mortgage to or for the credit



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of the account of Broker against and on account of the obligations and liabilities of Broker under the Guide or any other agreement between Broker and Hometown Equity Mortgage or between Broker and any of Hometown Equity Mortgage's parent entities, subsidiaries or affiliates, irrespective of whether or not Hometown Equity Mortgage shall have made any demand hereunder and whether or not said obligations and liabilities shall have matured. For purposes of the right of offset, the determination as to whether Broker has any obligations and liabilities under the Guide or any other agreement between Broker and Hometown Equity Mortgage and the extent of such obligations and liabilities shall be made by Hometown Equity Mortgage in its sole and reasonable discretion.

Unless otherwise agreed by the parties specifically in writing, such offset shall not be construed as an accord and satisfaction of any obligation due from Broker to Hometown Equity Mortgage.

## Waiver

The failure or delay of Hometown Equity Mortgage to review any Loan prior to closing and funding, or to exercise any right or remedy available under the Guide or at law or equity, shall not act as a waiver of any other right or remedy, nor shall any single or partial exercise of any right preclude any other or further exercise thereof. No waiver by Hometown Equity Mortgage of any of the provisions of the Agreement shall be deemed, or shall constitute, a waiver by Hometown Equity Mortgage of any other provisions, whether or not similar, nor shall any such waiver constitute a continuing waiver. All remedies shall be cumulative and nonexclusive.

## Equal Opportunity

The Broker represents that they are equal opportunity employers and do not discriminate in employment of persons or awarding of subcontracts because of a person's race, sex, age, religion, national origin, veteran or handicap status. The Broker is aware of and fully informed of Hometown Equity Mortgage's responsibilities and agrees to the provisions under the following: (a) Executive Order 11246, as amended or superseded in whole or in part, and as contained in Section 202 of said Executive Order as found at 41 C.F.R. § 60-1.4(a)(1-7); (b) section 503 of the Rehabilitation Act of 1973 as contained in 41 C.F.R. § 60-741.4; and (c) The Vietnam Era Veterans' Readjustment Assistance Act of 1974 as contained in 41 C.F.R. § 60-250.4.

## Financial and Other Information

Broker agrees to give immediate written notice to Hometown Equity Mortgage of any imminent or prospective merger or acquisition or other similar event or change in control of the Broker or of any circumstances which may lead to or result in a material adverse effect upon the business or financial condition of Broker or the Loans, or of any of the circumstances outlined in the Guide which trigger indemnification or repurchase by the Broker. Broker also agrees to give immediate written notice to Hometown Equity Mortgage of any changes in the name or address under or from which it conducts business. Broker shall conduct, and shall allow Hometown Equity Mortgage to conduct quality control reviews as specified in the Guide and required by the applicable Agency or Investor.

Broker acknowledges that from time to time Broker shall furnish to Hometown Equity Mortgage information as Hometown Equity Mortgage shall reasonably request, including confirmation of the continuing compliance by Broker and its owners, officers, partners, agents or employees with all applicable state and local licensing, registration, qualification and certification requirements, together with any other information reasonably requested by Hometown Equity



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Mortgage to confirm that Broker remains solvent. Broker authorizes Hometown Equity Mortgage to report any instances of Broker submitting a material misrepresentation, making a false statement or engaging in fraudulent activity in connection with any Loan submitted by Broker, its agents, authorized representatives, employees, independent contracts, or licensees. Reporting of information by Hometown Equity Mortgage will be made to appropriate municipal, state and/or federal regulatory authorities or law enforcement agencies. Additionally, Hometown Equity Mortgage may report information to entities maintaining databases, including, but not limited to MARI, Hometown Equity Mortgage's Investors, or insurance providers.

## Reproduction of Documents

The Guide and all documents relating thereto, including, without limitation, (a) consents, waivers and modifications which may hereafter be executed; (b) documents received by any party at the closing; and (c) financial statements, certificated and other information previously or hereafter furnished, may be reproduced by any electronic, photographic, photostatic or other similar process. The parties agree that any such reproduction shall be admissible in evidence as the original itself in any judicial or administrative proceeding, whether or not the original is in existence and whether or not such reproduction was made in the regular course of business and that any enlargement, facsimile or further reproduction of such reproduction shall likewise be admissible in evidence.

## Further Assurances

The Broker shall, from time to time hereafter, upon request of Hometown Equity Mortgage and without further consideration, do, execute, acknowledge, and deliver or cause to be done, executed, acknowledged, and delivered, all such further acts, deeds, documents, instruments, transfers and assurances as Hometown Equity Mortgage may reasonably request to confirm and perfect Hometown Equity Mortgage's right, title, and interest in and to, and possession of, the Loans and the Loan Files or to determine the continuing eligibility of Broker to register Loan Files with Hometown Equity Mortgage. In the event Broker fails to deliver timely to Hometown Equity Mortgage documents necessary for Hometown Equity Mortgage to have custody of complete Loan Files, or if Hometown Equity Mortgage otherwise deems itself insecure with the prospect of obtaining such follow-up documents (e.g., assignments, registered deeds) timely from Broker, Hometown Equity Mortgage has the right hereunder to present itself during business hours upon reasonable notice, at the offices of Broker and retrieve into Hometown Equity Mortgage's custody such documents.

## No Solicitation

For 180 days after the funding of any Loan by Hometown Equity Mortgage, Broker shall not solicit, or take or cause to be taken any refinance loan application on the same property from the Borrower(s) to whom such Loan was made. If Broker does fund, or arrange for any third party to fund, or Hometown Equity Mortgage otherwise funds any such Loan, Broker hereby agrees to reimburse Hometown Equity Mortgage for an amount equal to all expenses, whether out-of-pocket or internal, that Hometown Equity Mortgage incurred in the origination of the Loan, including, but not limited to, any premium or other compensation paid by Hometown Equity Mortgage to Broker.



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## Notification of Change in Status or Adverse Information

Broker shall immediately notify Hometown Equity Mortgage of any of the following ("Adverse Events"):

- Broker is notified or has reason to believe that any Loan submitted by Broker to Hometown Equity Mortgage was originated in violation of applicable law
- Broker knows or has reason to believe that any information in any Loan Package or other document submitted to Hometown Equity Mortgage is (or becomes) untrue, fails to state any material fact, or constitutes a misrepresentation
- Broker is notified or has reason to know of any complaint by an Applicant that would impact the enforceability of the Loan, or any complaint to or investigation by any federal, state or local regulatory agency, related to any Loan submitted by Broker to Hometown Equity Mortgage
- Broker is notified or has reason to know of an Applicant's request to rescind a Loan submitted by Broker to Hometown Equity Mortgage

## Change in Broker's Organization

Whether notification was sent or not, if Hometown Equity Mortgage determines that any of these Adverse Events will have a material impact on a Loan committed but not funded, Hometown Equity Mortgage reserves the right to either cancel its commitment to fund the Loan or require additional assurance from the Broker/surviving entity that the obligations of the Guide will be fulfilled.

## Relationship of Parties

Hometown Equity Mortgage 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 Hometown Equity Mortgage and Broker, any legal or equitable right, remedy or claim under or in connection with any provision of this Guide and the Agreement. Nothing contained herein shall constitute a partnership, joint venture or agency relationship between Hometown Equity Mortgage 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.

## Website Access and Administration

To the extent that the Broker is provided access to or use of any website maintained by or on behalf of Hometown Equity Mortgage, including the website currently located at Hometown Equity Mortgage http://www.Hometown Equity Mortgage.com, Broker shall comply with the Terms of Use and any other applicable policies and procedures maintained by or on behalf of Hometown Equity Mortgage. Broker agrees to develop adequate controls to ensure the protection of passwords and other security measures in connection with the Broker's use of any Hometown Equity Mortgage website and web services. Broker understands that once a Self-Administrator is assigned a password and granted administration access to Hometown Equity Mortgage's websites and services, the Broker is responsible for granting all rights and access to their employees to Hometown Equity Mortgage's websites and services. This includes assigning roles to individuals to lock and submit Loans on behalf of the Broker. Broker also agrees to disable access to all employees that leave their firm and understands



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that until former employee access is disabled, former employees may have access to the Broker's pipeline as well as Hometown Equity Mortgage proprietary information.

## Termination

### Termination without Cause

In addition to the provisions set forth herein or in the Guide for termination of the Agreement, the Agreement may be terminated without cause at any time by either party upon prior written notice of termination to the other party. The effective date of termination must be specified in such notice and must be at least thirty (30) calendar days after the date such written notice is sent. Any termination of the Agreement without cause shall not in any respect change or modify the obligation of Broker with respect to Loans already funded by Hometown Equity Mortgage.

### Termination for Cause; Suspension

Upon the occurrence of an Event of Default, Hometown Equity Mortgage may, in its sole discretion, take any one or more of the following, non-exclusive actions:

- immediately terminate its obligations hereunder without notice,
- immediately return to Broker any Loans submitted by Broker and Broker shall accept such Loans, and
- suspend the Agreement as to future Loan submissions by Broker.

In addition to the termination rights set forth above, in the event that Hometown Equity Mortgage believes in good faith that Broker will be unable to fulfill any of its obligations under the Agreement or Guide (including, but not limited to, Broker's Repurchase or Indemnification obligations), Hometown Equity Mortgage may, in its sole discretion, suspend the Agreement asto future Loan submissions by Broker. Such suspension shall be effective immediately upon Broker's receipt of written notice of same from Hometown Equity Mortgage and shall last until Hometown Equity Mortgage, in its sole discretion, determines to reactivate or terminate the Agreement.

### Effect of Termination

Termination of the Agreement shall not in any way affect either Broker's or Hometown Equity Mortgage's obligations, representations, warranties, covenants or indemnifications with respect to Loans already funded by Hometown Equity Mortgage.

## Survival of Remedies

It is understood and agreed that Hometown Equity Mortgage's remedies for breach of the representations, warranties or covenants set forth herein and/or in the Agreement or Guide shall survive the (i) funding of the related Loan by Hometown Equity Mortgage; (ii) subsequent sale of such Loan to any Investor; or (ii) insuring of such Loan by any Agency and will continue in full force and effect, notwithstanding any termination of the Agreement or restrictive or qualified endorsement on any Mortgage Note or Assignment of Mortgage or Loan approval or other examination of or failure to examine any related Loan File by Hometown Equity Mortgage.

## Assignment

Hometown Equity Mortgage shall have the right to assign its rights and duties under the Guide to any



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party without the consent of Broker. Hometown Equity Mortgage shall notify Broker in writing of any such assignment. Broker shall have no right to assign its rights or duties under the Guide without Hometown Equity Mortgage's prior written consent. Hometown Equity Mortgage also may assign separately to any other party any or all representations, warranties or covenants made by Broker to Hometown Equity Mortgage in the Guide, along with any or all of Hometown Equity Mortgage's remedies available against the Broker for Broker's breach of any representation, warranty or covenant hereunder, including, without limitation, the repurchase and indemnification remedies. Any such party shall be an intended third-party beneficiary of those representations, warranties, covenants and remedies.

## Events of Default

Each of the following shall constitute an "Event of Default" on the part of Broker under the Guide:

- Any breach of any of the representations, warranties or covenants set forth in the Agreement or Guide, including, without limitation, the provisions of this section; or the failure of Broker to perform any of its obligations under the Agreement or Guide; or
- The occurrence of an act of insolvency or bankruptcy concerning Broker, including, without limitation:
  - a decree or order of a court or agency or supervisory authority having jurisdiction for the appointment of a conservator or receiver or liquidator in any insolvency, readjustment of debt, marshaling of assets and liabilities, or similar proceedings, or for the winding-up or liquidation of its affairs, shall have been entered against Broker; or
  - Broker shall consent to the appointment of a conservator or receiver or liquidator in any insolvency, readjustment of debt, marshaling of assets and liabilities, or similar proceedings of or relating to Broker, or of or relating to all or substantially all of its property or
  - Broker shall admit in writing its inability to pay its debts generally as they become due, or
  - Broker files a petition to take advantage of any applicable insolvency or reorganization statue, makes an assignment for the benefit of its creditors, or voluntarily suspends payment of its obligations; or
  - Broker fails to meet any capital, leverage or other financial standard imposed by any laws or applicable regulatory authority or by Hometown Equity Mortgage or in Hometown Equity Mortgage's estimation or otherwise, any material adverse change occurs in the financial condition of the Broker, or
  - Broker fails to meet any net worth or ownership requirements as may be set forth in the Guide; or
  - Any Guarantor of Broker's obligations defaults under the terms of the Guaranty Agreement (including, without limitation, any default by Guarantor in maintaining any minimum Tangible Net Worth required under, and as defined in, such Guaranty Agreement), or becomes insolvent or bankrupt, ora material adverse change occurs in the financial condition of such Guarantor, or Guarantor fails to meet any capital, leverage or other financial standard imposed by any applicable regulatory authority; or
  - Broker defaults under the terms of any other agreement to which Broker and Hometown Equity Mortgage are parties.



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