

RESIDENTIAL MORTGAGE BROKERAGE AGREEMENT
(Bank as Lender; Third Party as Retail Mortgage Broker)
(with Binding GFE Provision)

This Mortgage Brokerage Agreement ("Agreement") is entered into on _____ 201__ by and between Pacific City Bank, a California banking corporation, ("Lender"), and _____, ("Broker"), with reference to the following:

RECITALS

- A. The parties wish to establish a relationship whereby Broker will from time to time submit completed application packages ("Applications") for residential mortgage loans ("Loans") to Lender on behalf of Broker's clients ("Borrowers") for possible underwriting, approval and funding.
- B. Lender will consider for approval and funding all Applications so submitted which meet its lending criteria, underwriting standards, policies and guidelines ("Lending Criteria").
- C. It is not the intent of the parties for Broker to submit FHA/HUD insured loans pursuant to this Agreement.
- D. The parties now desire to enter this Agreement to set forth the terms of their relationship.

NOW, THEREFORE, in consideration of the foregoing premises and the mutual covenants and agreements hereinafter set forth, the parties hereto agree as follows:

AGREEMENT

1. Loan Approval. Lender shall not be obligated to intake or approve any minimum number of Applications. At its discretion, Lender may accept any Application for processing and underwriting.

1.1. Lender will generally communicate its credit decisions on Applications through Broker unless Lender deems it necessary to communicate directly to the Applicant with a copy to Broker.

1.2. Lender shall make available to Broker product descriptions of the various lending programs being offered by Lender from time to time. Such descriptions shall not be binding upon Lender. Loan approval shall be subject to Lender's Lending Criteria as interpreted by Lender in its sole reasonable discretion. Broker shall not represent to any party that Lender has approved or will approve any Loan until Broker is so informed by Lender in writing. All Loans shall close in Lender's name.

1.3. Appraisers and their qualifications must be approved in advance by Lender. However, such approval does not ensure that Lender will not review any appraisal submitted to it.

1.4. The contents of all Loan packages and other information submitted to Lender shall become the property of Lender upon Loan closing, and all information contained therein may be subject to Lender's independent verification.

1.5. Lender's eligibility criteria for Loans are set forth in its Guidelines ("Lending Criteria") which are subject to change by Lender from time to time. Broker may obtain copies of Lender's Lending Criteria from Lender and shall comply with the Lending Criteria in connection with each Loan submitted by Broker hereunder.

2. Broker's Duties. With respect to each Application submitted to Lender, Broker shall fully discharge the duties owed by mortgage brokers to their clients under applicable law and the highest professional standards of care and loyalty. Without limiting the foregoing:

2.1. After confirming a customer's interest in applying for a Loan, Broker shall work to ensure that an Application is complete within 72 hours. Broker shall submit with the initial Application any application forms, financial statements or other forms or documents that Lender requires.

2.2. Whenever an Application is subject to the Real Estate Settlement Procedures Act (RESPA), Broker shall prepare and deliver to the Applicant, at Broker's expense: (a) the good faith estimate ("Good Faith Estimate") of settlement charges required under RESPA (further subject to Section 4 below); and (b) any "early disclosures" required under Regulation Z.

2.3. Broker shall assist each Borrower in the completion of the Application, and shall satisfactorily perform at least five of the services set forth below in this Section 2.3. Of the five services at least two must be services labeled as "non-counseling".

2.3.1. Taking information from the applicant and filling out the application. Filling out a prospective borrower's worksheet may substitute for the act of filling out a mortgage loan application if, for reasons of efficiency, the lender prefers to have the actual application filled out in a central location. [Counseling]

2.3.2. Analyzing the applicant's income and debt and prequalifying the borrower to determine the maximum amount the applicant can afford. [Counseling]

2.3.3. Educating the borrower in the home-buying and financing process, advising the borrower about the different types of loan products

available, and demonstrating how closing costs and monthly payments would vary under each product. [Counseling]

2.3.4. Collecting financial information (for example, tax returns, bank statements) and other related documents that are part of the application process. [Counseling]

2.3.5. Initiating or ordering verifications of employment (VOEs) and verifications of deposit (VODs) . [Non-counseling]

2.3.6. Initiating or ordering requests for mortgage and other loan verifications . [Non-counseling]

2.3.7. Initiating or ordering appraisals . [Non-counseling]

2.3.8. Initiating or ordering inspections or engineering reports . [Non-counseling]

2.3.9. providing required legal disclosures (Truth-in-Lending, Good Faith Estimate, others) to the applicant . [Non-counseling]

2.3.10. Assisting the applicant in understanding and clearing credit problems. [Counseling]

2.3.11. Maintaining regular contact with the applicant, real estate broker or salesperson, and lender, between application and closing to apprise them of the status of the application and to gather any additional information as needed. [Counseling]

2.3.12. Ordering legal documents . [Non-counseling]

2.3.13. Determining whether the secured property is located in a flood zone or ordering a flood determination. [Non-counseling]

2.3.14. Participating in the loan closing[non-counseling] .

2.4. After the submission of a Loan Application to Lender and during the term of this Agreement, Broker shall furnish Lender, all notices, communications, documents, correspondence and other materials received by Broker from any person whatsoever relating to a Loan within one day following receipt thereof by Broker

2.5. Broker shall provide documentation or other evidence of its performance of its services to Lender's reasonable satisfaction as a precondition of payment of any of the Fees provided for below. In addition, if any of the Fees are paid at closing of the Loan or otherwise before Lender has had a complete opportunity to audit the Loan file, Broker shall re-pay to Lender upon demand any Fees which

Lender reasonably determines were not earned under or otherwise in contravention of law or this Agreement.

3. Broker Fees.

3.1. In consideration of Broker's performing the services provided for in Section 2. of this Agreement, Broker shall be paid the fees ("Fees") set forth in Schedule "A" to this Agreement, up to the limitations set forth below.

3.2. The Fees paid with respect to any Loan may be paid in whole or in part by the related Borrower or by Lender; *provided, however*, that no Fees whatsoever shall be payable to Broker which have not been fully disclosed to, and approved by, both Lender and Borrower in advance on each and every Loan. Fee approval shall be evidenced by such documentation as Lender may reasonably require.

3.3. Fees shall be payable only when the related Loan is successfully closed and funded. No Fee shall be owed to Broker on account of any proposed Loan which is not successfully funded and closed, and Lender shall have no obligation under this Agreement to Broker if a Loan fails to close and fund for any reason or no reason.

3.4. In addition to any other limitations in this Agreement, Lender and Broker agree that Broker's total compensation received on any Loan (including the total of Borrower-paid and Lender-paid compensation) must bear a reasonable relationship to the value of the services Broker provided on the Loan. Lender shall have no obligation to pay any compensation that, in Lender's sole reasonable judgment, would result in the total compensation received by Broker on any Loan exceeding the limitation set forth in this Section 3.4. In addition, unless Lender expressly authorizes exceptions to the contrary in writing on a Loan-by-Loan basis, Broker shall in no case receive total compensation with respect to any Loan in excess of 2.5% of Loan Amount.

3.5. Notwithstanding anything to the contrary in this Agreement, Broker shall be entitled to and shall receive no referral fees from Lender or any affiliate of Lender in connection with any Application or Loan covered by RESPA. None of the compensation that Lender pays to Broker for services rendered shall be characterized as payment for the referral of any Loan or other RESPA-covered business.

4. Binding Good Faith Estimate. This Section 4 shall apply to any Loan resulting from an Application received on or after January 1, 2010.

4.1 Broker acknowledges that under Section 3500.7(f) of Regulation Z (24 CFR 3500.7(f)), which implements RESPA, (i) the Good Faith Estimate once given is binding on both Lender and Broker as the "loan originator," subject to limited tolerances; and (ii) Lender's and Broker's ability to issue a revised Good Faith Estimate, even to correct known errors, is limited; .

4.2 Broker agrees to disclose all fees in Blocks A and B (lines 1 through 11) on page 2 of the Good Faith Estimate based on a schedule of fees and charges issued by Lender or, if no such schedule has been issued, based on express instructions from Lender;

4.3 Broker agrees that, if Lender is required by Regulation X or other applicable law to reimburse any Borrower for any fees or charges ultimately charged on a Loan because they exceed the amounts disclosed on the Good Faith Estimate by any applicable tolerances under Regulation X, Broker shall reimburse Lender for all such amounts within five days of Lender's demand. Lender may, at its option, offset amounts due from Broker under this paragraph against any amounts otherwise owed to Broker; and

4.4 Notwithstanding Paragraph 4.3 above, Broker shall have no reimbursement liability to Lender under Paragraph 4.3 above to the extent that the Good Faith Estimate given by Broker reflected the fees or charges specified by Lender under Paragraph 4.2 above.

5. Broker's Warranties. Broker represents, warrants and covenants to Lender as of the time (i) any Loan package is submitted to Lender, and (ii) the Loan is funded and closed, that:

5.1. *Duly Licensed.* Broker holds at all times during the life of this Agreement the license as indicated in the signature block of this Agreement, and the license is valid, current, active and not conditioned in any way. Without limiting the foregoing, Broker possesses all necessary approvals, licenses, permits, and authority to execute and deliver this Agreement and to engage in the activities contemplated by this Agreement; all such approvals, licenses and permits are in good standing; and Broker is in full compliance in all respects with all regulatory and supervisory agencies having jurisdiction over Broker.

5.2. *Authority and Capacity.* Broker is a duly organized and validly existing entity in good standing under applicable laws of the state of California and in such state or other states in which it is engaged in the business of brokering or originating mortgage loans, and has the requisite authority and capacity to enter into this Agreement, and this Agreement has been duly authorized, executed and delivered by Broker and constitutes a valid and binding obligation of Broker, enforceable in accordance with its terms. Broker's compliance with the terms and conditions of this Agreement will not violate any provisions of its charter documents, any license or 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.

5.3. *No Untrue Statements.* None of the statements or information contained in any document submitted with or included as part of a Loan Application package, or in any document reviewed in connection with Lender's underwriting decision,

whether provided directly by Broker, the applicant or another third party, contains or will contain any misleading, false or erroneous statements, or omit facts necessary to make such statements or information accurate and understandable in every respect.

5.4. *Absence of Claims.* There is not pending or threatened any suit, action, arbitration, or legal, administrative, or other proceeding or investigation (including an allegation of fraud or misconduct by another lender) against Broker or its current or former owners, agents, or employees which could have an adverse effect on the Broker's business, assets, financial condition or reputation, or upon any Loan submitted to Lender.

5.5. *Control of Document.* No Borrower shall have had in its direct or indirect possession or control any credit, income, or deposit verification document submitted to Lender with respect to any Loan.

5.6. *Ownership.* Broker has no direct or indirect ownership interest in or lien on any property acting as security for any Loan.

5.7. *Compliance with Laws.* Broker and each other person involved in the Loan transaction has complied and will comply with all applicable state and federal laws and regulations, with respect to the Loans and the activities of Broker. The Broker and each other person involved in the Loan transaction is in full compliance in all respects with all rules and regulations of all real estate and mortgage lending regulatory and supervisory agencies as are applicable to Broker and such person(s). Broker covenants to maintain all licenses and approvals on a current basis and to keep itself in good standing with such agencies. Broker further covenants to notify Lender immediately upon the suspension, revocation, expiration or other termination of any licenses or approvals, or of the taking of any action by any such agency against Broker or such person(s) which could adversely affect the Broker's licenses and approvals, even if Broker believes such action to be unmerited. Broker will provide any necessary affiliated business arrangement disclosure to Borrower if required by RESPA.

5.8. *Fees.* Any fees which Broker charges to Borrower have been established by good faith negotiations between Borrower and Broker. The total fees to be received by Broker have been separately itemized and fully disclosed to Borrower and Lender. Without limiting the foregoing, Broker's fees will be disclosed in full on the Good Faith Estimate required by RESPA and, at Lender's option, on any special broker fee disclosure Lender may require.

5.9. *Services to Borrower.* Broker has performed all of the services required in order to be compensated lawfully as a mortgage broker under RESPA, including those required by Section 2. of this Agreement, and Broker is not aware of any dispute or claim by any person that all such services were not fully and satisfactorily performed.

6. Limitations of Broker's Authority. Without the express written consent of the President of the Lender, Broker shall have no authority to:

- 6.1. Pledge the credit of Lender or any of its employees;
- 6.2. Bind Lender to any contract or agreement, written or oral, with any person or entity;
- 6.3. Represent to any person or entity that Broker is an employee of Lender or has the authority to bind Lender to any contract or Agreement; or
- 6.4. Use the name or trademark of Lender or use any other material or conduct to create the impression with any person that Broker represents Lender or has the authority to bind Lender to any contract or agreement.

7. Status of Broker. Nothing in this Agreement shall be construed to deem Broker to be a joint venturer, partner, representative, employee or agent of Lender. Broker shall not hold itself out as such, nor shall it use Lender's name in any advertising. Broker's decision to submit Application packages to Lender has been made in consultation with Borrower.

8. Broker's Indemnification. Broker shall indemnify and hold Lender and its affiliates, agents and employees harmless from and against, and shall reimburse it and them for, any losses (including "pair-off" fees and loss of servicing rights), damages, deficiencies, claims, causes of action or expenses of any nature (including reasonable attorney's fees) incurred by Lender as a result of:

- 8.1. Any breach of Brokers' representations and warranties in this Agreement;
- 8.2. Any misrepresentation by Broker or any of its agents or representatives in connection with, or in any document furnished by Broker in connection with, an Application or a Loan;
- 8.3. The non-fulfillment, non-performance, or breach of any of Broker's covenants or agreements under this Agreement, including the non-compliance of any Loan with Lender's duly published Lending Criteria; or
- 8.4. Any breach or non-compliance by Broker or any of its representatives of any applicable law, rule or regulation.

9. Lender's Rights. Broker's obligation to fully indemnify Lender under this Agreement shall not be affected by Lender taking any of the following actions with or without notice to Broker: (a) liquidation, repayment, retirement, sale or resale of any Loan, (b) foreclosure of any Loan, or (c) sale or resale of the property securing any Loan.

10. Disclosure of Information.

- 10.1. *By Lender.* Broker acknowledges and agrees that Lender may, whenever Lender deems it appropriate in Lender's sole good faith discretion, report to

appropriate state or federal regulatory authorities or law enforcement agencies any instance in which Lender believes or suspects in good faith that Broker or any employee or representative of Broker has violated any applicable law, regulation or industry standard, or made any misstatement in connection with a Loan, or knowingly aided a Borrower or any other party involved in the Loan transaction to do the same.

10.2. *By Broker.* Broker shall make prompt, timely, full, accurate and truthful disclosure to Lender of any correspondence or other communications received from an applicant or borrower, and of all facts, information and documentation which Broker may at any time (including after the funding of a Loan) know, suspect, or have notice of, which could affect or has affected the validity, collectability, collateral value, security, or enforceability of any Loan brokered by Broker to Lender, including any awareness that any of the information submitted to Lender may have been false or misleading in any respect (material or immaterial)

11. **Term of Agreement.** This Agreement may be terminated at any time by written notice by the terminating party. Said termination will not affect the rights or duties of the parties as to any loans brokered hereunder nor limit the liability of any party for any breach of any representation, warranty or covenant that occurs prior to the termination.

12. **Governing Law.** This Agreement shall be governed by and construed in accordance with the law of the state of California.

13. **Reporting Requirements.** Broker shall, at the time of execution of this Agreement, and thereafter as requested by Lender to aid Lender in its due diligence, provide the following information, documents or reports:

13.1. “Due diligence” investigations of service providers and marketing agents and other persons or entities as may from time to time be identified by Lender. Such reports will contain such information as may be required by Lender.

13.2. An annual financial statement, and such other financial information as may be requested by Lender relative to Broker and Broker’s principals.

13.3. Resumes of all key personnel, as may be identified by Lender, and thereafter of new hires or new principals. Broker will also advise Lender of the termination of such individuals.

13.4. A list of all states in which Broker is marketing/soliciting loan applications and any updates thereof.

13.5. A marketing plan including marketing methods and advertising materials including but not limited to the script of any radio, television or other media broadcast, telemarketing scripts, prerecorded messages, mailings, facsimiles or electronic mail.

Broker agrees to allow Lender, upon reasonable notice, to inspect its operations and records, including computer or electronic records, at any time during normal business hours, with such frequency as may be reasonably requested.

14. No Solicitation. If a loan is refinanced within a designated time frame, Broker acknowledges that Lender may be required to refund money to its investors. Broker agrees not to solicit or cause the solicitation of Borrowers on Loans funded by Lender for a new Loan for a period of 24 months from the date the Loan is funded by Lender. Broker shall refer Borrowers who request a loan from Broker within the 24-month period to Lender. In that case, if Lender concludes that it cannot make a new Loan to the Borrower, Broker may then refer the Borrower to other Lenders.

15. Privacy. Broker shall not, without Lender's prior written consent, disclose any non-public information about any Applicant or any other consumer ("Nonpublic Personal Information") to any third party without Lender's and the Applicant's express prior written consent. Broker acknowledges the high priority Lender places upon the privacy of its consumers and customers. Without limiting the foregoing, Broker shall comply with any applicable privacy standards or procedures promulgated by Lender from time to time, including any requirements under Title V of the Gramm-Leach-Bliley Act, 15 USC 6801(b) ("GLB Act"), or other privacy laws or regulations.

16. Information Security.

16.1. As regards Nonpublic Personal Information, Broker represents and warrants that:

16.1.1. It has implemented appropriate measures designed to meet the objectives of Section 501(b) of the GLB Act and of the guidelines issued by the Federal Trade Commission under Section 501(b).

16.1.2. It has implemented a comprehensive written information security program for Nonpublic Personal Information that includes administrative, technical and physical safeguards appropriate to the size and complexity of Broker and the nature of its activities.

16.1.3. Its information security program is designed to: (a) ensure the security and confidentiality of Nonpublic Personal Information; (b) protect against anticipated threats or hazards to the security or integrity of Nonpublic Personal Information; and (c) protect against any unauthorized access to or use of Nonpublic Personal Information that could result in substantial harm or inconvenience to the related consumer.

16.2. Upon request by Bank, Broker will provide to Bank evidence reasonably satisfactory to Bank to allow Bank to confirm that Broker has satisfied its obligations as required under Section 16.1. Without limitation, this may include

Bank review of audits, summaries of test results, and other equivalent evaluations of Broker.

17. Miscellaneous.

17.1. *Right to Offset.* Amounts owed by Broker to Lender under this Agreement may, at Lender's option and in its sole discretion, be offset by Lender against any payments then or thereafter owed by Lender to Broker.

17.2. *Notices.* All notices required hereunder shall be in writing in paper (non-electronic) form and shall be deemed to have been given, made, and received only (a) upon delivery, if personally delivered to a party; (b) one business day after deposit, if delivered by a nationally recognized courier service offering guaranteed overnight delivery; or (c) three business days after deposit in the United States first class mail, certified mail, postage prepaid, return receipt requested, to the address appearing on the signature page of this Agreement.

17.3. *Attorney's Fees.* If any legal action 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 or subject matter of this Agreement, the prevailing party or parties shall be entitled to recovery of their attorneys' fees and other costs incurred in that action or proceeding, in addition to any other relief to which it or they may be entitled.

17.4. *Assignment.* Broker may not assign this Agreement or its duties hereunder.

17.5. *Entire Agreement; Amendment.* This Agreement constitutes the entire agreement between the parties and supersedes all prior and contemporaneous agreements, representations, and understandings. No supplement, modification, or amendment shall be binding unless executed in writing by both parties.

17.6. *Waivers or Remedies.* Failure or delay to exercise any right or remedy 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 of any of the provisions of this Agreement shall be deemed, or shall constitute, a waiver of any other provision, whether or not similar, nor shall any waiver constitute a continuing waiver. No waiver shall be binding unless executed in writing by the party making the waiver. All remedies shall be cumulative and nonexclusive.

17.7. *Partial Invalidity.* If any provision of this Agreement is held invalid, void, or unenforceable, the remaining provisions shall nevertheless continue in full force and effect.

17.8. *Consent to receive fax solicitations.* Broker hereby consents to receive unsolicited commercial messages by telefacsimile (fax) transmission from Lender regarding Lender's available Loan products and conditions. This consent shall

survive the termination of this Agreement unless Broker expressly instructs Lender in writing to stop sending such unsolicited fax transmissions to Broker.

IN WITNESS WHEREOF, the parties have caused their duly authorized representatives to execute this Broker Agreement as of the date first set forth above.

Broker: _____

Lender: Pacific City Bank, a California
banking corporation

License Type: _____

Address: 3701 Wilshire Blvd. Suite 305

State: California

Los Angeles, CA 90010

License No.: _____

Phone: _____

Expiration Date: _____

Fax: _____

Address: _____

Email: _____

Phone: _____

By: _____

Fax: _____

Name

Email: _____

Title

By: _____
Name

Title

SCHEDULE A

BROKER FEE SCHEDULE

Broker's fee: Up to 2% ("points") of the face amount of each Loan, payable upon successful closing and funding of the Loan, subject to all limitations of the Residential Mortgage Brokerage Agreement.

Broker Initials

Lender Initials