



## MASTER CORRESPONDENT LOAN PURCHASE AGREEMENT

This Agreement dated as of \_\_\_\_\_ (the "Agreement") is made by and between Plaza Home Mortgage, Inc., a California Corporation, ("PHM") and \_\_\_\_\_ ("Seller"), for mutual considerations set forth herein. PHM and Seller are hereinafter collectively referred to as the "Parties."

PHM agrees to purchase certain loans secured by real property, together with the servicing thereof (collectively, the "Loans" or with respect to any individual loan, the "Loan"), from Seller under PHM's mortgage loan programs, and Seller agrees to sell to PHM certain such Loans pursuant to the terms and conditions set forth herein and in PHM's Correspondent Lending Division Loan Purchase Program Seller's Guide, as amended from time to time (the "Guide"). In connection therewith, the Parties agree as follows:

### 1.0 ELIGIBLE LOANS

- A. Only those Loans fully complying with the standards for Agency Conforming Conventional and Government Programs set forth in the Guide are eligible for purchase under this Agreement. Seller must be approved by PHM and qualified and/or licensed to originate such Loans in the jurisdiction in which such Loans are originated.
- B. Seller shall be responsible for assuring that Loans submitted to PHM comply with all terms and conditions of this Agreement and the Guide.

### 2.0 COMMITMENT TO PURCHASE LOANS

The procedure pursuant to which Seller may commit to sell a Loan to PHM is prescribed in the Guide. As determined by PHM in its sole and absolute discretion, Seller may be approved to participate in Best Efforts-Mandatory pricing and delivery programs. For purposes of this Agreement, PHM and Seller define a best effort commitment to be a mandatory commitment if the Loan closes. PHM will confirm the conditions of the sale of the Loan to PHM by delivering a confirmation ("Commitment") to Seller which sets forth the terms of the transaction, including the price PHM will pay for each Loan, as determined pursuant to the pricing standards set forth in the Guide (the "Purchase Price"). The terms of the Commitment, including the Purchase Price, shall be in effect for the period of time requested by Seller and approved by PHM (the "Commitment Period").

### 3.0 UNDERWRITING

The Buyer's obligation to purchase any Loan is conditioned upon the approval of such Loan by: (a) a contract underwriter approved by the Buyer, (b) one of Seller's underwriters, if Seller is expressly approved by Buyer for delegated underwriting, (c) by Seller after having received Buyer's approval of Seller's underwriting policies and procedures or (d) an underwriter employed by or contracted by Buyer. Any such underwriter shall underwrite the Loan in accordance with the underwriting standards set forth in the Guide.

If Seller has been expressly approved for delegated underwriting, PHM shall have the right, but not the obligation, to underwrite any Loan submitted for purchase pursuant to this Agreement. Additionally, PHM shall be entitled to verify and otherwise insure that any Loan submitted for purchase complies with all terms and conditions of this Agreement and the Guide; provided that neither the existence nor the exercise of this right shall affect in any way Seller's obligations hereunder, including without limitation, Seller's repurchase obligations under Section 7.0 hereof and Seller's hold harmless and indemnification obligations under Section 9.0 hereof.

### 4.0 DELIVERY OF LOAN DOCUMENTATION

- A. Closed Loan Document Delivery  
For warehouse funded loans, PHM's designated warehouse bank must receive the complete and original collateral package with a copy to PHM prior to disbursement of loan purchase funds by PHM. All other original documents of the complete loan file will also have been delivered and reviewed by PHM prior to loan purchase. For non-warehouse funded loans, the entire original collateral and loan file must be received by PHM prior to disbursement of funds. If the collateral package is received after the commitment expiration date, PHM's standard worst case pricing policy will apply to extend commitment. The entire closing package may be delivered electronically or in a single folder (no need to deliver the collateral and closing packages separately).
- B. File Delivery Requirements  
Prepaid Interest and First Payment due Date Calculation:
  - (1) Prepaid interest is computed from the date for disbursement to seller, existing lien holder or borrower if no existing liens are paid through close, to the first of the following month, using a 365-day year for calculating per diem interest.
  - (2) Loans disbursing the second through the last day of the month will have a first payment of the 1st of the second month. Example: Disbursed April 3rd = first payment on June 1st.
  - (3) Loans disbursing the first day of the month will have a first payment on the first day of the following month and will have no prepaid interest due. Example: Disbursed April 1st = first payment on May 1st.
  - (4) Interest Credit Option:
    - (a) Loans disbursed from the second to the seventh day of the month may use the interest credit option.
    - (b) Interest Credit not allowed on FHA/VA Streamline or ARM loans.



- (5) When closing a loan with an interest credit option please do the following:
  - (a) Close and disburse on or before the seventh of the month.
  - (b) Give clear instructions to the closing agent to label each fee the amount credited to the borrower on the HUD-1. Example: Disbursed April 7th = first payment May 1 with 7 days of interest credited to the borrower using a 365 day year for calculating per diem.
  - (c) Indicate in the transfer of servicing letter, that the borrower must make their payments directly to Plaza Home Mortgage, Inc. using a copy of the transfer of servicing letter in lieu of first payment letter issued by Seller.
  - (d) Late fees incurred by the borrowers who are instructed to send their first payment to the Seller rather than directly to Plaza Home Mortgage, Inc., will result in the fee being passed along to the Seller. Per RESPA guidelines, the borrower will not be penalized.

#### **5.0 PAYMENT OF PURCHASE PRICE AND SELLER'S WIRE INSTRUCTIONS**

PHM shall, after receipt of a Loan documentation package which fully complies with the requirements of the Guide, deliver the Purchase Price (less any fees or discounts due to PHM) set forth in the applicable Commitment to Seller in accordance with Seller's wire instructions or in accordance with any bailee letter or trust receipt submitted with the Loan, as determined in the sole and absolute discretion of PHM.

#### **6.0 SELLER'S REPRESENTATIONS AND WARRANTIES**

- A. Seller represents and warrants to PHM as to each Loan offered for sale under this Agreement that as of the date PHM purchases such Loans:
  - (1) The promissory note, mortgage, deed of trust and/or deed to secure debt and any and all other documents executed and delivered by any trustor/mortgagor/borrower ("Borrower") in connection with a Loan (collectively, the "Loan Documents") are genuine, and each is the legal, valid and binding obligation of the maker thereof enforceable in accordance with its terms. All parties to the Loan Documents had legal capacity to enter into the Loan and to execute and deliver the Loan Documents, the Loan Documents have been duly and properly executed by such parties, and there is no verbal understanding or written modification of the Loan Documents which would affect the terms of the Loan except by written instrument delivered and expressly made known to PHM. The documents, instruments and agreements submitted for loan underwriting were not falsified and contain no untrue statement of material fact or omit to state a material fact required to be stated therein or necessary to make the information and statements therein not misleading. No fraud was committed in connection with the origination of the Loan.
  - (2) Seller is the sole owner of the Loan, has good marketable title thereto and has authority to sell, transfer and assign the same on the terms set forth herein and in the Guide free and clear of any encumbrance, equity, participation interest, lien, pledge, charge, claim or security interest. There has been no assignment, sale or hypothecation thereof by Seller, except the usual hypothecation of the documents in connection with Seller's normal banking transactions in the ordinary course of its business, and following the sale of the Loan to PHM hereunder, PHM will own such Loan free and clear of any encumbrance, equity, participation interest, lien, pledge, charge, claim or security interest.
  - (3) If applicable, the full principal amount of the Loan has been advanced to the Borrower, either by payment directly to such person or by payment made on such person's request or approval. The unpaid principal balance of the Loan is as represented by Seller. All costs, fees and expenses incurred in making, closing and recording the Loan have been paid. No part of the property serving as collateral for the Loan (the "Mortgaged Property") has been released from the lien of the Loan, the terms of the Loan have in no way been changed or modified, and the Loan is current and not in default. The Loan has been closed and the proceeds of the Loan have been disbursed according to its terms.
  - (4) Each Loan is secured by a valid first lien and the Mortgaged Property is free and clear of (a) all encumbrances and liens having priority over the lien of such Loan, except for the first lien, if applicable, (b) liens for real estate taxes and special assessments not yet due and payable, and (c) those exceptions allowed in connection with government loans and other exceptions set forth in the Guide.
  - (5) The Mortgaged Property is free and clear of all mechanics' liens, material men's liens and all other liens in the nature thereof, and no rights are outstanding that under law could give rise to any such lien, nor is Seller aware of any facts which could give rise to any such lien.
  - (6) For each Loan which Seller represents to be insured or has guaranteed will be insured, Seller will have, within 15 days from the date of delivery of such Loan to PHM, satisfactorily completed its submission of the loan file package to the mortgage insurance company or agency insuring or guaranteeing said Loan. Further, no action has been taken or failed to have been taken which has resulted or will result in an exclusion from, denial of, or defense to, coverage under such insurance or guarantee; and all conditions within the control of Seller as to the validity of the insurance or guaranty as required by the National Housing Act of 1934 and the rules and regulations thereunder, or as required by the Servicemen's Readjustment Act of 1944 and the rules and regulations thereunder, or imposed by the mortgage insurance companies or other insurers have been properly satisfied, and said insurance or guaranty is valid and enforceable.
  - (7) All federal and state laws, rules and regulations applicable to the Loans have been complied with, including but not limited to: the Real Estate Settlement Procedures Act, the Appraisal Independence Rules, the Flood Disaster Protection Act, the Federal Consumer Credit Protection Act including the Truth-in-Lending and Equal Credit Opportunity Acts, and all applicable statutes or regulations governing fraud, lack of consideration, unconscionability, consumer credit transactions, predatory and abusive lending or interest charges. All points, fees and charges



- (including finance charges), whether or not financed, assessed, collected or to be collected in connection with the origination of each Loan have been disclosed in writing to the Borrower in accordance with applicable state and federal law and regulation.
- (8) No loans submitted by Seller to PHM violate any provisions of the loan originator compensation and anti-steering rules effective April 1, 2011. PHM may, but is under no obligation to, review or verify any information with respect to Seller or any loan documents submitted to PHM by Seller, including, without limitation, Seller's compliance with federal or state law. PHM's right to indemnification or other rights and remedies set forth herein will not be affected by any verification, investigation, audit or review conducted by PHM, or any knowledge acquired (or capable of being acquired) at any time, with respect to the accuracy or inaccuracy of, or compliance with, any representation, warranty, covenant or obligation of Seller herein. The waiver of any condition based on the accuracy of any representation or warranty, or on the performance of or compliance with any covenant or obligation, will not affect the right to indemnification or other rights and remedies based on such representations, warranties, covenants and obligations.
  - (9) No Loan is the subject of, and Seller is not aware of any facts which could give rise to, litigation which could affect PHM's ability to enforce the terms of the obligation or its rights under the Loan Documents.
  - (10) There is in force for each Loan either (a) a paid-up title insurance policy on the Loan issued by a PHM approved title company in an amount at least equal to the outstanding principal balance of the Loan or (b) an attorney's mortgage lien opinion. Any additional insurance coverage required for negatively amortizing Loans has been obtained.
  - (11) There is in force for each Loan valid hazard insurance policy coverage and, where applicable, valid flood insurance policy coverage, and such coverage meet the requirements of PHM specified in the Guide.
  - (12) Seller files or causes to be filed an individual assignment of the Loan registered on the Mortgage Electronic Registration System ("MERS"), notice of transfer or equivalent instrument in recordable form, sufficient under the laws of the jurisdiction wherein the related Mortgaged Property is located to give record notice of the sale of the Loan to PHM.
  - (13) The borrower has no rights of rescission, set-offs, counter-claims or defenses to the note or deed of trust/mortgage securing the note arising from the acts and/or omissions of Seller.
  - (14) Seller has no knowledge that any improvement located on or being part of the Mortgaged Property is in violation of any applicable hazardous substance, zoning law or regulation.
  - (15) All improvements included for the purpose of determining the appraised value of the Mortgaged Property lie wholly within the boundaries and building restriction lines of such property, and no improvements on adjoining properties encroach upon the Mortgaged Property.
  - (16) There is no proceeding pending for total or partial condemnation of any Mortgaged Property and said property is free of substantial damage (including, but not limited to, any damage by fire, earthquake, windstorm, vandalism or other casualty) and in good repair.
  - (17) Seller has no knowledge of any circumstances or conditions with respect to any Loan, Mortgaged Property, Borrower or Borrower's credit standing that reasonably could be expected to cause private institutional investors to regard any Loan as an unacceptable investment, cause any Loan to become delinquent or adversely affect the value of marketability of the Loan.
  - (18) All documents submitted in connection with the Loan are genuine and contain genuine signatures. Each document that PHM requires to be an original document is an original document. All certified copies of original documents are true copies and meet the applicable requirements and specifications of this Agreement and the Guide. All other representations as to each such Loan are true and correct and meet the requirements and specifications of all parts of this Agreement and the Guide.
  - (19) The consideration received by the Seller upon the sale of any Loan under this Agreement constitutes fair consideration and reasonably equivalent value for the Loan.
  - (20) The Seller has complied with all applicable anti-money laundering laws and regulations, including without limitation the USA Patriot Act of 2003, and the laws and regulations administered by the U.S. Department of Treasury's Office of Foreign Assets Control ("OFAC"), which prohibit dealings with certain countries, territories, entities and individuals named in OFAC's Sanction Programs and on Specially Designated Nationals and Blocked Persons List (collectively, the "Anti-Money Laundering Laws"). The Seller has established an anti-money laundering compliance program to the extent required by the Anti-Money Laundering Laws, has conducted the requisite due diligence in connection with the origination of each Loan for purposes of the Anti-Money Laundering Laws, including with respect to the legitimacy of the applicable Borrower and the origin of the assets used by said Borrower to purchase the property in question, and maintains, and will maintain sufficient information to identify the applicable Borrower for purposes of the Anti-Money Laundering Laws.
  - (21) The Borrower has not notified the Seller, and the Seller has no knowledge of any relief requested or allowed to a Borrower under the Servicemembers' Relief Act or any other federal or state law that would have the effect of suspending or reducing the Borrower's payment obligation under a Loan or that would prevent or restrict the ability of PHM to commence or continue with foreclosure of the Mortgaged Property securing a Loan or any other remedies available under the Loan Documents.
  - (22) No Loan is subject to the requirements of the Home Ownership and Equity Protection Act of 1994. No Loan is classified as a "high cost," "threshold," "covered," "abusive" or "predatory" loan or a similar loan under any applicable state, federal or local law (or similar classified loan using different terminology under a law imposing heightened



regulatory scrutiny or additional legal liability for residential mortgage loans having high interest rates, points and/or fees.

- (23) No Borrower was encouraged or required to select a loan product offered by Seller which is a higher cost product designed for less creditworthy borrowers, unless at the time of the Loan's origination, such Borrower did not qualify taking into account credit history and debt to income ratios for a lower cost credit product then offered by the Seller.
  - (24) No Mortgaged Property securing a Loan (i) is in a zip code declared by the Federal Emergency Management Agency ("FEMA") as being an "Individual Assistance" property or "Category 1" property (or such similar term(s) or classification(s) that may be used by FEMA from time to time).
- B. Seller represents and warrants to PHM that as of the date first set forth above and as of the date PHM's purchase of each Loan hereunder:
- (1) Seller is duly organized, validly existing and in good standing under the laws of its state of formation and is qualified and/or licensed as necessary to transact business, including the originating and selling of mortgage loans, and is in good standing in each state where the property securing a Loan is located.
  - (2) Seller has the full power and authority to hold and sell each Loan; and neither the execution and delivery of this Agreement, nor the acquisition or origination of the Loans, nor the sale of the Loans, nor the consummation of the transactions contemplated herein, nor the fulfillment of or compliance with the terms and conditions of this Agreement will conflict with, or result in a breach of any term, condition or provision of Seller's applicable articles of incorporation, by-laws, articles of organization, operating agreement, certificate of partnership or partnership agreement, or any license held by Seller or governing Seller's activities or any agreement to which Seller is a party or by which Seller is bound, or constitute a material default or result in an acceleration under any of the foregoing.
  - (3) No consent, approval, authorization or order of any court, government body or any other person or entity is required for execution, delivery and performance by Seller of this Agreement, including but not limited to, the sale of the Loans to PHM.
  - (4) Neither Seller nor its agents know of any suit, action, arbitration or legal or administrative or other proceeding pending or threatened against Seller which would affect its ability to perform its obligations under this Agreement.
  - (5) Seller is not a party to, bound by or in breach or violation of any agreement of instrument, or subject to or in violation of any statute, order or regulation of any court, regulatory body, administrative agency or governmental body having jurisdiction over it, which materially and adversely affects, or may in the future materially and adversely affect the ability of Seller to perform its obligations under this Agreement or the Guide.
  - (6) The Seller has not dealt with any agent, person or other entity that may be entitled to any commission or compensation in connection with the sale of any Loan to PHM pursuant to the terms of this Agreement.
  - (7) Neither this Agreement nor any statement, report or other document furnished or to be furnished by Seller pursuant to this Agreement or in connection with the transactions contemplated hereby contains any untrue statement of fact or omits to state a fact necessary to make the statements contained therein not misleading.
  - (8) The consummation of the transactions contemplated by this Agreement are in the ordinary course of business of Seller, and the transfer, assignment and conveyance of the Loans pursuant to this Agreement are not subject to bulk transfer or any similar statutory provisions in effect in any applicable jurisdiction.

## 7.0 SELLER'S REPURCHASE OBLIGATIONS

- A. Seller shall repurchase any Loan sold to PHM pursuant to this Agreement within twenty (20) business days of receipt of written notice from PHM of any of the following circumstances (the "Repurchase Obligation"):
- (1) Seller fails to deliver to PHM within ninety (90) days from the date each Loan was purchased the original documents specified in the Delivery of Closed Loans section of the Guide.
  - (2) PHM determines that there is any evidence of fraud in the marketing, solicitation, origination, and/or any part of the loan application process of any Loan or in the sale of any Loan to PHM or that any matter in the mortgage loan file is not true and correct.
  - (3) Seller fails to observe or perform or breaches in any material respect any of the representations, warranties or covenants contained in this Agreement or the Guide with respect to a particular Loan.
  - (4) A loan documentation problem exists which occurred prior to the date the Loan was purchased by PHM, regardless of when the defect was discovered.
  - (5) If PHM and/or its assigns determine that an Early Payment Default (as defined below) exists with respect to any Loan.  
For purposes of this Agreement an Early Payment Default exists in each of the following circumstances:
    - (a) Any of the first four (4) payments due to PHM or its assigns on an FHA or VA Mortgage Loan become sixty (60) days or more delinquent;
    - (b) If the Loan involves a HUD repossession without an appraisal, any of the first twelve (12) payments become ninety (90) days or more delinquent; or
    - (c) If the Loan involves a VA streamline refinance securing property located in California and the Seller does not provide a valuation of the property, any of the first twenty-four (24) payments becomes ninety (90) days or more delinquent; or
    - (d) For any Loan not included in 5(a), 5(b), or 5(c) above, any of the first four (4) payments due PHM or its assigns become sixty (60) days or more delinquent.



- (6) Any Agency or any other investor to whom PHM sells a Loan or related security requires PHM to repurchase such Loan because of a breach of any representation or warranty made by Seller to this Agreement.
- B. In the event of a repurchase demand from an agency or investor, PHM may ask the Seller to submit further information to PHM so that PHM may request that the agency or investor reconsider the repurchase request. PHM may make such request unless PHM believes in good faith that there is no basis to request reconsideration or that such request would be injurious to its business relationship with the agency or investor. PHM's determination with respect to any such submission shall be final.
- C. In the event repurchase is required due to an early payment default as described herein, PHM may elect at its sole and absolute discretion to offer the Seller an optional alternative remedy of indemnification in lieu of repurchase. The terms of the indemnification shall be established by PHM at the time it offers the indemnification remedy to Seller and Seller may either accept the terms of the indemnification or repurchase the Loan.
- D. In the event of a "make whole" or repurchase demand from an agency or investor occurs as a result of a breach of any representation, warranty or covenant in this Agreement or the failure of a Loan to conform to the applicable requirements for such Loan as set forth in the loan documents, Seller shall remit the entire "make whole" or repurchase payment plus any additional fees as outlined in the Program Guidelines no later than thirty (30) calendar days after the receipt by Seller of a written demand for payment of the "make whole" or repurchase amount.
- E. If PHM has made a demand on Seller to repurchase a Loan pursuant to Section 7.0 of this Agreement, PHM shall have the right to withhold any monies due Seller in connection with the Loan(s) subject to the Repurchase Obligation or any other Loans until the parties have agreed otherwise.
- F. PHM's right to request repurchase of any Loan by Seller under this Agreement shall be in addition to, and not in lieu of, any other rights and remedies available to PHM under this Agreement, including Seller's indemnification obligations under Section 9.0 of this Agreement. Further, PHM reserves the right to waive the repurchase requirement as to a particular Loan, provided however, that any such election by PHM as to such waiver shall not be deemed a waiver of PHM's right to enforce the provisions of this section as to any other Loan.
- G. In lieu of Seller's obligation to repurchase resulting from an Early Payment Default, PHM, at its sole and absolute discretion, may allow Seller to (i) pay PHM \$2,500 for a Loan, as reimbursement for administrative expenses; and (ii) return any premium over par paid to Seller in reference to such Loan.

## 8.0 REPURCHASE PRICE

- A. The repurchase price for Loans subject to a Repurchase Obligation pursuant to Section 7.0 hereof shall be as follows:
- (1) The current unpaid principal balance of such Loan if it has been pooled or resold. If such Loan has not been pooled or resold by PHM, the repurchase price shall be at the original price, less principal reduction since the original purchase of the Loan by PHM; plus
  - (2) 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
  - (3) All expenses, including but not limited to reasonable fees and expenses of counsel, incurred by PHM in enforcing Seller's obligation to repurchase such Loan and/or resulting from any breaches of Seller's representations and warranties under this Agreement; plus
  - (4) The original servicing release premium paid by PHM with respect to such Loan; plus
  - (5) Any unreimbursed advances of taxes, insurance or property preservation made by PHM with regard to such Loan as of the date of repurchase; less
  - (6) Any proceeds of mortgage insurance with respect to the Loan collected by PHM.
- Upon any such repurchase of Loans by Seller, PHM shall endorse the promissory note (without recourse) and shall assign any security interest (without recourse and in recordable form) to Seller.
- B. If the Mortgaged Property securing the Loan has been acquired by PHM by agreement with the owner thereof or by foreclosure to mitigate its loss then the repurchase price pursuant to Section 7.0 hereof, notwithstanding the amount of PHM's credit bid, shall be:
- (1) The current unpaid principal balance of such Loan if it has been pooled or resold. If such Loan has not been pooled or resold by PHM, the repurchase price shall be at the original price, less principal reduction since the original purchase of the Loan by PHM; plus
  - (2) 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 foreclosure sale occurs; plus
  - (3) All costs and expenses, including but not limited to fees, costs, and expenses incurred by PHM as owner of the property, reasonable fees and expenses of counsel, incurred by PHM in connection with the foreclosure or acquisition and in enforcing Seller's Repurchase Obligations hereunder and/or resulting from any breaches of Seller's representations and warranties under this Agreement; plus
  - (4) The original servicing release premium paid by PHM with regard to such Loan; plus
  - (5) Any unreimbursed advances of taxes, insurance or property preservation made by PHM with regard to such Loan as of the date of repurchase; plus
  - (6) Interest on the amounts set forth in paragraphs (1) through (5) above at the Loan rate from the end of the month in which the foreclosure sale occurred until and including the date of repurchase by Seller; less
  - (7) Any proceeds of mortgage insurance collected by PHM with respect to the Loan.



- C. If the Mortgaged Property security for the Loan has been sold at foreclosure and purchased by a third party, the amount Seller shall pay PHM to fulfill its Repurchase Obligation pursuant to Section 7.0 of this Agreement shall be as follows:
- (1) The current unpaid principal balance of such Loan if it has been pooled or resold. If such Loan has not been pooled or resold by PHM, the repurchase price shall be at the original price, less principal reduction since the original purchase of the Loan by PHM; plus
  - (2) 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 foreclosure sale occurs; plus
  - (3) All costs and expenses, including but not limited to reasonable fees and expenses of counsel, incurred by PHM in enforcing Seller's Repurchase Obligations hereunder and/or resulting from any breaches of Seller's representations and warranties under this Agreement; plus
  - (4) The original servicing release premium paid by PHM with regard to such Loan; plus
  - (5) Any unreimbursed advances of taxes or insurance made by PHM with regard to such Loan as of the date of repurchase; plus
  - (6) Interest on the amounts set forth in paragraphs (1) through (5) above at the Loan rate from the end of the month in which the foreclosure sale occurred until and including the date of repurchase by Seller, less
  - (7) The net proceeds of the foreclosure sale (sale price minus costs and expenses, including but not limited to reasonable fees and expenses of counsel, incurred by PHM in connection with the foreclosure sale); less
  - (8) Any proceeds of mortgage insurance collected by PHM in connection with the Loan.

#### 9.0 HOLD HARMLESS AND INDEMNIFICATION

- A. Seller shall hold PHM harmless and shall indemnify PHM from and against any and all suits, costs, damages, losses, fees, penalties, fines, forfeitures and claims, including without limitation reasonable attorney's fees ("Losses"), arising out of or in connection with any negligence, fraud or a material omission on the part of Seller in receiving, processing or funding any Loan committed to PHM for sale under Section 2.0 above, during the origination period and Commitment Period up to and including the date the Loan is purchased by PHM. Seller's obligation to PHM in this regard shall remain effective after PHM's purchase of the Loan if the Loss arose prior to purchase but was undetected at time of purchase. This paragraph shall not modify Seller's obligations contained elsewhere in this Agreement.
- B. Seller shall hold PHM harmless and shall indemnify PHM from and against any and all Losses arising out of or in connection with any one or more of the items set forth in paragraphs (1) through (7) of Section 7A of this Agreement.
- C. Seller shall hold PHM harmless and shall indemnify PHM from and against any and all Losses arising out of or in anyway related to Seller's breach of any representation or warranty set forth in Sections 6 A and 6B of this Agreement.
- D. The obligations of Seller arising under this Section 9.0 shall survive any sale or assignment of any Loan by PHM to any third party or any suspension of Seller hereunder or any termination of this Agreement.
- E. Seller agrees that Losses payable by Seller to PHM hereunder shall include, without limitation, Losses resulting from: (i) amounts owed by PHM to a third party, including a party to whom the loan was sold in the secondary mortgage market, resulting from any repurchase, indemnity or other obligations of PHM to such party, including any damages or losses of such third party, refunds, early payoff or prepayment fees or penalties, or administrative or legal fees owed such party by PHM under the terms of the applicable loan purchase agreement or otherwise.
- F. Seller acknowledges and understands that it is not PHM's primary business to service loans and that to the extent PHM purchases a loan from Seller it does so with the intent to possibly sell the loan into the secondary mortgage market. As a result, in addition to any other remedies set forth herein and Losses payable by Seller to PHM hereunder, in the event PHM is unable to sell a loan into the secondary mortgage market that it wishes to sell or PHM is required by or deems it advisable to repurchase a loan from any party to whom a loan has been sold because of any breach of this Agreement by Seller or fraud or misrepresentation in connection with any loan documentation, or any misleading, false or erroneous statements or information that is contained in any document submitted with or included as part of the loan documentation, Seller agrees that, upon request by PHM, Seller shall be obligated to repurchase such loan from PHM at the then outstanding unpaid principal balance of such loan, plus any accrued and unpaid interest thereon at the rate set forth in the loan documents.
- G. Seller's obligations to fully indemnify PHM under this Agreement shall not be affected by PHM or any third party taking or failing to take any of the following actions, with or without notice to Seller: (i) liquidation, repayment, retirement, or sale or resale of any loan; (ii) foreclosure of any loan; or (iii) sale or resale of the property securing a loan.
- H. In addition to Seller's obligations to fully indemnify PHM under this Agreement, Seller shall refund to PHM any fees or compensation paid by PHM to Seller in connection with a loan in the event such loan becomes the subject of an indemnity claim by PHM.

#### 10.0 SOLICITATION FOR REFINANCE

The Seller and the Seller's, agents and contactors shall not refinance or attempt to refinance a Loan through a solicitation targeted to borrowers of PHM. Notwithstanding the above, Seller shall promptly reimburse PHM any related servicing released premium as published or calculated internally by PHM on net priced products and the buy price premium above par on Loans not pooled or resold to investors at the above par premium price as determined by PHM if the Borrower refinances a Loan with the Seller or its, agent or contractor during the 6-month period following the purchase date by PHM.



#### **11.0 FINANCIAL STATEMENTS/ANNUAL CERTIFICATIONS**

On the date of this Agreement and each year afterwards, the Seller will give to PHM fiscal year-end audited financial statements and an Annual Certification in form and substance satisfactory to PHM certifying Seller's compliance with the terms of this Agreement. PHM may also require the Seller to provide interim financial statements. Seller shall immediately advise PHM of any material change in the Seller's circumstances, financial or otherwise, including, but not limited to, a change in the Seller's ownership.

#### **12.0 PROHIBITION AGAINST USE OF NAME OR AFFILIATION**

Nothing in this Agreement shall be construed to appoint Seller as a joint venturer, partner, representative, employee or agent of PHM, and Seller shall not hold itself out as such. Nor shall Seller use PHM's name in any advertising or written or broadcast material without PHM's express prior written consent. This prohibition shall not prevent Seller from using any advertising media provided to it by PHM for use by Seller and containing any copyrighted and/or trademarked PHM name or logo. Such copyrighted and/or trademarked name or logo shall remain in place and shall not be removed from any materials provided by PHM to Seller.

#### **13.0 TERMINATION - SUSPENSION**

- A. This Agreement may be terminated as to future commitments for sale of Loans by either party at any time, but such termination shall not in any respect change or modify the obligation of Seller with respect to Loans already subject to a Commitment. The effective time of termination shall be the earlier of the time written notice is actually received by the other party or 5 days after written notice is posted in the United States Postal Service by the canceling party. Termination of this Agreement shall not in any way affect either Seller's or PHM's obligations, representations, warranties or indemnifications with respect to Loans already purchased by PHM; provided, however, that PHM may immediately terminate its obligations hereunder without notice and immediately return to Seller any Loans subject to a Commitment and Seller shall accept such Loans if PHM reasonably determines that there has been any deception, fraud, concealment or material misrepresentation by Seller in performing any of its duties, obligations, responsibilities or actions undertaken in connection with this Agreement or in connection with any Loan sold to PHM pursuant to this Agreement. All representations, warranties, indemnity obligations, solicitation covenants, and other remedies available to PHM under this Agreement, at law or in equity, will survive termination of this Agreement.
- B. In addition to the termination rights set forth in Paragraph A above, in the event that PHM believes in good faith that Seller has breached an obligation (including a Repurchase Obligation under Section 7.0), representation, warranty or covenant under this Agreement, or will be unable to fulfill any of its obligations under this Agreement or the Guide (including a Repurchase Obligation under Section 7.0), PHM may, in its sole and absolute discretion, suspend this Agreement as to future Commitments for the sale of Loans by Seller. Such suspension shall be effective immediately upon Seller's receiving written notice or e-mail notification of same from PHM and shall last until PHM, in its sole and absolute discretion, determines to reactivate or terminate this Agreement.

#### **14.0 OFFSET**

PHM may offset against the price for any Loan delivered for purchase by the Seller, or against any other amounts owed by PHM to the Seller pursuant to this Agreement or any other contract or instrument between the Seller and PHM, any outstanding amounts owed to PHM by the Seller or any affiliate of the Seller, including, but not limited to, the following: (i) fees, penalties and expenses arising out of the Seller's failure to timely deliver any final documentation; (ii) pair-off fees, penalties or charges relating to delivered or undelivered Loans; (iii) costs and expenses arising out of the Seller's breach of any of its representations, warranties or covenants under this Agreement; and (iv) costs and expenses incurred by PHM as a result of action taken by PHM based on PHM's reasonable belief that the Seller is no longer able to fulfill its obligations under this Agreement, including its repurchase and indemnification obligations under this Agreement.

#### **15.0 EXHIBITS**

All exhibits attached hereto or material referred to in this Agreement, including the Guide, are incorporated by reference into this Agreement. To the extent there are differences between requirements as stated in the Guide and as stated in this Agreement, the provisions of this Agreement shall govern. Any capitalized terms not defined herein but for which a definition is contained in the Guide shall have the meaning set forth in the Guide.

#### **16.0 ENTIRE AGREEMENT**

The entire agreement between the parties is contained in this Agreement and in the Guide and cannot be modified in any respect except by an amendment in writing signed by both parties. The invalidity of any portion of this Agreement shall in no way affect the balance thereof.

#### **17.0 TERMINATION OF PRIOR AGREEMENTS**

All correspondent loan purchase agreements, including any applicable addenda thereto, in effect prior to the Effective Date between Seller and PHM or any of their respective predecessor companies ("Prior Agreements") are hereby terminated and superseded by this Agreement. The termination of any such Prior Agreement shall not affect the vested rights of the parties thereunder. Any provision of any Prior Agreement which, under the terms of the Prior Agreement or applicable law, would survive the termination of the Prior Agreement shall continue to survive the termination of such Prior Agreement.



**18.0 ASSIGNMENT**

Seller may not assign its rights or delegate its duties or obligations under this Agreement without the prior written consent of PHM. This Agreement shall be binding on and inure to the benefit of the permitted successors and assigns of the parties hereto.

**19.0 ARBITRATION – CHOICE OF FORUM**

Any dispute or claims under this Agreement will be resolved by final and binding arbitration by a panel of three (3) arbitrators under the Commercial Arbitration Rules of the American Arbitration Association ("AAA") or the Judicial Arbitration and Mediation Service ("JAMS"). The Seller and PHM will agree upon one arbitrator from the AAA's or JAMS' list of commercial arbitrators. If the parties are unable to agree, then the arbitration service will be asked to assign an arbitrator to the dispute in accordance with its Rules. Arbitration will take place in San Diego, California. The parties will share all expenses for the arbitration services and the arbitrators. Arbitration will not affect any termination rights under this Agreement.

**20.0 ATTORNEY'S FEES AND EXPENSES – CHOICE OF LAW – WAIVER OF JURY TRIAL**

If any party hereto shall bring an arbitration proceeding against the other as a result of any alleged breach or failure by the other party to fulfill or perform any covenants or obligations under this Agreement, then the prevailing party obtaining a final award in such action shall be entitled to receive from the non-prevailing party reasonable attorneys' fees incurred by reason of such action and all costs of arbitration and preparation thereof. This Agreement shall be governed by and construed and enforced in accordance with applicable federal law and the laws of the State of California. THE PARTIES EXPRESSLY WAIVE THEIR RIGHT TO A JURY TRIAL AS TO ANY CLAIMS ARISING UNDER THIS AGREEMENT.

**21.0 CONFIDENTIALITY**

In General: The Parties will keep confidential, and will cause its employees, contractors, affiliates and agents to keep confidential, any and all information obtained from the other party which is designated as confidential, and will not use such information for any purpose other than those intended by this Agreement. However, the Parties will not be subject to this obligation for any information provided by the other party which either (a) was in such party's possession at the time of disclosure and was not subject to any confidentiality obligations; (b) was in the public domain at the time of disclosure, or subsequently enters the public domain through no act or failure to act on the part of such party; (3) is lawfully obtained by such party from a third party; (4) the Parties agrees in writing may be provided to a third party; or (5) is required to be disclosed by applicable law, regulation, rule or court order.

**22.0 PRIVACY**

- A. All customer information in the possession of the either party ("Customer Information") is and shall remain confidential and proprietary information of each party except (i) as otherwise set forth in this Agreement; and (ii) information independently obtained by the Parties and not derived in any manner from information obtained under or in connection with this Agreement.
- B. The Parties agree to comply with all applicable consumer privacy laws (any and all federal, state and local statutes, regulations and rules applicable to the protection and privacy of consumer information, including but not limited to the privacy provisions of the Gramm-Leach-Bliley Act, 15 U.S.C. § 6801 et seq.) (the "Privacy Requirements") and implementation of appropriate measures designed to safeguard Customer Information (an "Information Security Program").
- C. The Parties shall not disclose any Customer Information to any person or entity, other than the employees, agents, contractors and affiliates of the Parties who have a need to know such information.
- D. The Parties shall maintain at all times an Information Security Program.
- E. The Parties shall assess, manage, and control risks relating to the security and confidentiality of Customer Information, and shall implement the standards relating to such risks in the manner set forth in the Interagency Guidelines Establishing Information Security Standards, Section 216 of the Fair and Accurate Transaction Act (including its implementing regulations) as well as any amendments thereto or other applicable regulations regarding safeguarding information enacted or released by any regulatory agency having jurisdiction over Seller.
- F. Without limiting the scope of the above, the Parties shall use at least the same physical and other security measures to protect all Customer Information in such Parties' possession or control, as the Parties use for their own confidential and propriety information.
- G. If PHM provides an account number to the Seller to enable the parties to carry out the purposes of the Agreement, the Seller shall (i) use such account number only for such specific purpose and for no other purpose; and (ii) destroy all records relating to such account number upon PHM's request.
- H. In no event shall the Seller use any account number to (i) market any product or service of the Seller or any other person or entity (other than PHM); or (ii) initiate charges to any customer's Loan account.
- I. From time to time upon PHM's request, the Seller shall allow PHM during normal business hours to inspect the Seller's books and records relating to the Seller's: (i) compliance with the Privacy Requirements; and (ii) Information Security Program.



J. The Parties shall comply with all Privacy Requirements and shall immediately notify the other party if there is a breach of its security related to the customers of the other party so that they may be notified in accordance with any applicable Privacy Requirements.

**23.0 NO REMEDY EXCLUSIVE WAIVER**

No remedy under this Agreement is exclusive of any other available remedy, but each remedy shall be cumulative and shall be in addition to other remedies given under this Agreement or existing at law or in equity including specific performance and injunctive relief. Any foreclosure or other method used to obtain lawful title to the property used to secure any loan by a party to this Agreement in exercising any right or remedy under this Agreement or otherwise afforded by applicable law shall not be a waiver or preclude the exercise of that or any other right or remedy.

**24.0 NOTICE**

All notices, requests, demands and other communications which are required or permitted to be given under this Agreement shall be in writing or by email. Notices sent in writing shall be deemed delivered when delivered by Certified Mail or Registered Mail or by hand delivery to the address set forth below. Notices sent by email shall be deemed delivered when the receiving party electronically views the notice, as determined by server log files, an electronic return receipt, or other electronic proof of delivery.

**TO PHM:**  
**Plaza Home Mortgage, Inc.**  
**4820 Eastgate Mall, Suite #100**  
**San Diego, CA 92121**  
**Attention: Bill Moffatt**  
**Email: bill.moffatt@plazahomemortgage.com**

**TO SELLER:**  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
**Attention:** \_\_\_\_\_  
**Email:** \_\_\_\_\_

**IT IS SO AGREED.**

**ACCEPTED BY:**  
**BUYER: PLAZA HOME MORTGAGE, INC.**  
  
**By:** \_\_\_\_\_  
**Signature**  
**Name:** William E. Moffatt  
**Title:** Executive Manager  
**Dated:** \_\_\_\_\_

**SELLER:** \_\_\_\_\_  
  
**By:** \_\_\_\_\_  
**Signature**  
**Name:** \_\_\_\_\_  
**Title:** \_\_\_\_\_  
**Dated:** \_\_\_\_\_