

Correspondent Loan Purchase Agreement

This **Correspondent Loan Purchase Agreement** (“Agreement”) is made this ___ day of _____, 20___, by and between **Chicago Mortgage Solutions Corporation d/b/a InterFirst Mortgage Company**, an Illinois corporation whose headquarters are located at 333 Knightsbridge Parkway, Suite 210, Lincolnshire, IL 60069 (“Purchaser”), and _____ (“Correspondent”), whose principal office is located at _____.

WHEREAS, Correspondent is engaged in the business of originating residential mortgage loans and, from time to time hereafter, wishes to sell such loans, including all servicing rights thereto, to Purchaser;

WHEREAS, subject to the provisions of this Agreement, Purchaser wishes to purchase such loans, including all servicing rights thereto, from time to time from Correspondent; and

WHEREAS, this Agreement replaces and supersedes in its entirety any prior Correspondent Loan Purchase Agreement entered into by Correspondent and Purchaser;

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

ARTICLE I – DEFINITIONS

As used in this Agreement, the capitalized terms herein shall have the following meanings, unless the context requires otherwise:

“**Agency Qualified Loan**” means a Loan eligible, except with regard to matters wholly unrelated to ability to repay, for purchase by Fannie Mae or Freddie Mac.

“**Best Efforts Commitment**” means a Commitment requiring Correspondent to use its best efforts to sell Purchasable Loans to Purchaser as set forth in such Commitment. A Best Efforts Commitment with respect to a Locked Loan shall become a Mandatory Delivery with respect to such Loan on the related Closing Date.

“**Closing Date**” means the date of execution of a Mortgage Note and Mortgage by a Mortgagor and the concurrent funding of a related Loan by Correspondent.

“**Commitment**” means Purchaser’s written agreement for the purchase of a Purchasable Loan.

“**Correspondent Guidelines**” means, collectively, the Correspondent Lender Guide and the Purchaser’s guidelines as published on Purchaser’s website and/or portal, establishing guidelines, procedures, rate reservation, underwriting, and delivery requirements of a Credit File and Loan File being purchased by Purchaser, as may be amended by Purchaser from time to time in its sole discretion, and including any notices or bulletins issued by Purchaser.

“**Credit File**” means all documentation required by Purchaser for underwriting review as established by the Correspondent Guidelines.

“**Desktop Underwriter**” means Fannie Mae’s automated underwriting system.

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“**Eight Factor Loan**” means a Loan that is not a Safe Harbor Loan, Rebuttable Presumption Loan, or Agency Qualified Loan, but that otherwise meets the ability-to-repay requirements of 12 C.F.R. Section 1026.43, including the total debt-to-income ratio requirements and underwriting requirements prescribed in Appendix Q to Regulation Z, or any successor Appendix or regulation.

“**Expiration Date**” with respect to any Locked Loan, the date by which the Loan File must be received by Purchaser for the Purchase Price Percentage to be honored.

“**Fannie Mae**” or “**FNMA**” means The Federal National Mortgage Association and any successor entity.

“**Fraudulent Document**” means any Loan File document which, in the reasonable judgment of Purchaser, is falsified, defective, misleading or inaccurate in any material respect.

“**Freddie Mac**” or “**FHLMC**” means The Federal Home Loan Mortgage Corporation and any successor entity.

“**Investor Rights**” means any and all rights and privileges associated with the ownership of a Loan, including but not limited to, the right to receive all payments of principal and interest paid by a Mortgagor.

“**Loan**” means a 1-4 unit residential mortgage loan (including Investor Rights and Servicing Rights) which is eligible for purchase by Fannie Mae, Freddie Mac, or a private investor, with a loan term not exceeding 360 months.

“**Loan File**” means all documentation required for a Purchasable Loan as established by the Correspondent Guidelines.

“**Loan Prospector**” means Freddie Mac’s automated underwriting system.

“**Locked Loan**” means a Loan that has been registered for a guaranteed rate and price if delivered within a stipulated price term, and for which a price confirmation has been issued by Purchaser. A Locked Loan becomes a Mandatory Commitment when closed.

“**Mandatory Commitment**” means a Commitment requiring Correspondent to unconditionally sell a Purchasable Loan to Purchaser as set forth in such Commitment.

“**Mandatory Delivery**” means the required sale and delivery of a Locked Loan registered with Purchaser. A Best Efforts Commitment with respect to a Locked Loan shall become a Mandatory Delivery with respect to such Loan on the related Closing Date.

“**MERS**” means the Mortgage Electronic Registration System, which is used to transfer beneficial and servicing rights electronically, or any successor thereto.

“**Mortgage**” means the mortgage, deed of trust or other security instrument which secures a Mortgage Note and creates either (i) a first lien on an estate in fee simple in the Property (including a condominium or leasehold where and when permitted by Purchaser); or (ii) an interest in a cooperative, in those limited areas where Purchaser expressly permits cooperative financing.

“**Mortgage Note**” means the promissory note of a Mortgagor secured by a Mortgage.

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“Mortgagor(s)” means the maker(s), obligor(s), and/or guarantor(s) of a Mortgage Note.

“Non-Qualified Loan” means a home equity line of credit (“HELOC”) other than a “simultaneous loan” HELOC secured by the same dwelling and made to the same borrower at or before the consummation of the loan in question, a reverse mortgage loan, or a timeshare loan.

“Premium” means the amount paid for a Purchasable Loan above the outstanding balance, calculated by multiplying the outstanding loan balance at purchase by the Purchase Price Percentage less 100%.

“Property” means the residential real property consisting of land and a one-to-four family dwelling thereon that is completed and ready for occupancy.

“Purchasable Loan(s)” means only Agency Qualified Loans and Safe Harbor Loans that meet all requirements for purchase set forth in the Correspondent Guidelines and that have been approved for purchase by InterFirst. Eight Factor Loans, Non-Qualified Loans, Rebuttable Presumption Loans, and Standard Loans are not Purchasable Loans.

“Purchase Date” means the date on which a Purchasable Loan is sold to Purchaser and the Purchase Price is paid by Purchaser.

“Purchase Price” means the price paid for the Purchasable Loan plus the amount paid for the related Servicing Rights. Purchase Price is calculated by multiplying a stated price plus a stated SRP by the outstanding principal balance of the Purchasable Loan at the time of purchase.

“Purchase Price Percentage” means the price paid by Purchaser pursuant to the terms of the related Commitment, expressed as a percentage of the outstanding principal amount as of the related Purchase Date.

“Rebuttable Presumption Loan” means a Loan that is a “higher priced covered transaction” as defined in 12 C.F.R. Section 1026.43(b)(4) or any successor regulation, that are presumed to comply with the ability-to-repay requirements of 12 C.F.R. Section 1026.43(c).

“Repurchase Price” means the price to be paid by the Correspondent to repurchase a Loan. Such amount shall include base price, the SRP, all accrued and unpaid interest and all reasonable costs, administrative fees and expenses incurred and documented in writing by Purchaser, including reasonable attorneys’ fees and expenses. The base price of a Loan shall mean the outstanding principal balance of a Loan or the Purchase Price Percentage paid multiplied by the outstanding balance, depending on whether the Loan has been pooled or sold.

“Safe Harbor Loan” means a Loan that meets the safe harbor provisions of the definition of a “qualified mortgage” as defined in 12 C.F.R. Section 1026.43(e)(2), or any successor regulation.

“Servicing Rights” means all rights to service Loans for investors.

“SRP” means the service release premium.

“Standard Loans” means a Loan that results from the refinancing of a “non-standard mortgage” and that satisfies the provisions of 12 C.F.R. Section 1026.43(d)(3) that exempt residential mortgage loans from the ability-to-repay requirements set forth in 12 C.F.R. Section 1026.43(c).

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“**Third Party Origination**” means any Loan for which a Third Party Originator performs a significant portion of the origination process for a fee, including but not limited to, processing the Loan application, ordering appraisals and/or credit reports and verifying income and/or employment.

“**Third Party Originator**” means any person or entity, not an employee of Correspondent, who is duly authorized to perform all or part of the origination process, including but not limited to, processing a Loan application, ordering appraisals and/or credit reports, verifying income and/or employment, and who is compensated by Correspondent for this activity.

ARTICLE II – SUBMISSION AND APPROVAL; CORRESPONDENT GUIDELINES

Section 2.1: Submission and Approval. Correspondent may, from time to time, submit a Credit File and/or Loan File to Purchaser for approval in accordance with the Correspondent Guidelines.

Section 2.2: Acceptance / Rejection of Loan. Purchaser may accept or reject any proposed Loan based on applicable underwriting and origination guidelines as interpreted by Purchaser. If the proposed Loan is rejected, Purchaser shall promptly return the Credit File and/or Loan File to Correspondent.

Section 2.3: Rate Reservation. Correspondent may request a rate quotation and rate reservation in accordance with the Correspondent Guidelines. In order to receive payment for a Loan based on a rate reserved in accordance with this Section 2.3, Correspondent must deliver to Purchaser a Purchasable Loan File and Credit File, including any required fees, and any additional information concerning the property and/or the applicant which Purchaser may deem necessary, prior to the Expiration Date. If Correspondent fails to timely deliver a closed Loan, Purchaser may renegotiate the Purchase Price of the Loan.

Section 2.4: Correspondent Guidelines: Amendments and Incorporation by Reference. Purchaser may from time to time amend or revise the Correspondent Guidelines, including its documentation requirements, underwriting criteria or other requirements pertaining to any residential mortgage loan program, without notice to Correspondent. Any Loan Package already registered and rate locked by Correspondent will not be materially adversely affected by such amendment or revision. Correspondent hereby agrees to review the Correspondent Guidelines posted on Purchaser’s website and/or portal from time to time to stay current therewith. The Correspondent Guidelines are hereby incorporated in this Agreement by reference as if they were fully set forth herein. Correspondent’s continued submission of Loan Packages constitutes, and shall conclusively demonstrate, Correspondent’s acceptance of any such update and acceptance of each and every amendment to the same.

ARTICLE III – LOAN DELIVERY AND PAYMENT

Section 3.1: Sale and Purchase. Correspondent acknowledges and agrees that Purchaser is purchasing “whole loans” servicing released which includes all Investor Rights and Servicing Rights associated with any Loan sold by Correspondent under this Agreement. Correspondent agrees to sell, endorse, assign, transfer, and deliver, with full warranty of title, and subrogation to its rights in warranty and free of all liens, claims and encumbrances, and Purchaser agrees to purchase Purchasable Loans according to the terms and conditions of this Agreement. Nothing in this Agreement shall be construed as obligating Purchaser to purchase any Loan from Correspondent. Purchaser shall have the right to review each Loan submitted for purchase and reject any Loan for any reason in its sole and absolute discretion, including, without limitation, if Purchaser determines that a Loan is not in conformance with Purchaser’s requirements, applicable law and/or general FNMA / FHLMC guidelines.

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Section 3.2: Delivery of Documents. For each Loan purchased by Purchaser, Correspondent shall promptly deliver the Loan File together with an endorsement of the Mortgage Note (made payable to the order of Purchaser) and a recorded assignment of the Mortgage (or in the case of cooperatives, delivery of the pledged shares, an assignment of the proprietary lease, and other operative documents and related duly filed financing statements), to Purchaser in accordance with the Correspondent Guidelines. Correspondent shall do all further acts necessary to perfect Purchaser's title to and security for each such Loan and to execute and deliver any additional documents reasonably required by Purchaser. Any Loan intended to be placed on MERS will be registered and/or transferred to MERS by Correspondent no later than forty-eight (48) hours of purchase by Purchaser. Correspondent acknowledges that delivery of all Loans locked under a Mandatory Commitment and locked and closed under a Best Efforts Commitment is mandatory and that time is of the essence.

Section 3.3: Failure of Correspondent to Timely Deliver Closed Loans. Correspondent acknowledges and understands that Purchaser has executed forward commitments to sell and immediately deliver closed Loans to third parties therefore, closed Loans must be delivered on or before the Expiration Date. Correspondent covenants and agrees to reimburse Purchaser for any and all losses, expenses, and damages incurred by Purchaser as a result of such non-delivery within five (5) days of written demand by Purchaser. Such reimbursement shall be in addition to any and all legal and equitable remedies available to Purchaser.

Section 3.4: Payment of Purchase Price. Purchaser shall pay Correspondent the Purchase Price for each Loan in accordance with the Correspondent Guidelines. Purchaser will pay the Purchase Price to the Correspondent or to the applicable warehouse lender as instructed by an appropriate bailee agreement. In order to receive payment of the Purchase Price, Correspondent must comply with all document delivery requirements established by the Correspondent Guidelines. Payment of the Purchase Price shall be made after the rescission period has expired for all Loans subject to the right of rescission under Regulation Z (as hereinafter defined) or other applicable law. Unless earlier agreed in writing by Purchaser, no fees, commissions, or any other consideration shall be paid to Correspondent for any Loan submitted to Purchaser for purchase.

Correspondent covenants and agrees that: (i) the compensation received by Correspondent from any borrower shall not exceed the fair market value of its services as determined and set by Correspondent in a method that ensures that all borrowers are treated in a fair and unbiased method and that similarly situated borrowers receive comparable loan terms on identical or comparable loan products; (ii) Correspondent shall not accept any fee or other compensation except as permitted by applicable law and regulation; and (iii) it has disclosed any fee or other compensations in writing to the borrower and Purchaser, as required by applicable law and regulation. Payment of any fee to Correspondent does not evidence the acceptability of the Loan File or the Credit File by Purchaser. Purchaser may, in its' sole discretion, advance the payment of fees or compensation to Correspondent prior to the expiration of all conditions and prior to the earning of such fee or compensation. Such advancement shall not be considered a waiver of any right, or an acknowledgment of the satisfaction of the conditions set forth herein.

Section 3.5: Servicing Rights. The Purchase Price of each Loan shall include all Servicing Rights and benefits pertaining to such Loan. Correspondent shall execute and deliver documentation sufficient to transfer all Servicing Rights from Correspondent to Purchaser free and clear of all claims, liens and encumbrances, and to enable Purchaser, or its designated representative, to service such Loan.

Section: 3.6: Inspection of Loan Files. Purchaser reserves the right to inspect all Loan Files and satisfy itself that all Loans comply with the applicable Commitments and Correspondent representations. The

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Loan Files shall evidence compliance with all federal, state and local rules, orders and regulations affecting the Loans, including with respect to such laws, rules, orders and regulations that prohibit unfair, deceptive or abusive acts or practices.

Section: 3.7: Purchaser as Loss Payee. Correspondent shall make Purchaser the loss payee of each title policy, mortgage guaranty insurance policy and hazard and flood insurance policy.

Section: 3.8: Ownership and Title of Loans. Ownership of, and title to, the Loans will not vest in Purchaser until accepted and paid for by Purchaser.

ARTICLE IV – REPRESENTATIONS, WARRANTIES AND COVENANTS

Section 4.1: Representations and Warranties Regarding Correspondent. After a duly diligent investigation and inquiry, and notwithstanding any assignment without recourse, Correspondent represents and warrants to Purchaser as follows as of the date of this Agreement and throughout the term of this Agreement:

- A. Correspondent is duly organized, validly existing, and in good standing under the laws of the state of its organization and has all qualifications, registrations, and licenses, and permits necessary to carry on its business in each state in which Correspondent originates or purchases Loans. Correspondent agrees to provide Purchaser with copies of all applicable licenses, permits, exemptions or approvals upon request. Correspondent shall immediately notify Purchaser if any license, permit, exemption or approval is suspended, terminated or cancelled for any reason or if Correspondent fails to be in compliance with qualification or licensing laws of any jurisdiction in which it conducts business, or if any action affecting or potentially affecting the status of the Correspondent's licenses or permits is initiated. Correspondent has all requisite power and authority to execute, deliver and perform this Agreement. All requisite action has been taken by Correspondent to make this Agreement valid and binding upon Correspondent in accordance with its terms.
- B. No approval of the transactions contemplated by this Agreement from any regulatory authority having jurisdiction over Correspondent is required, or if required, such approval has been obtained. There is no claim, litigation, investigation or proceeding pending or threatened against or otherwise materially adversely affecting Correspondent's business or the performance of its obligations under this Agreement and Correspondent has no knowledge of any circumstances indicating that any such suit, investigation or proceeding is likely or imminent.
- C. The consummation of the transactions contemplated by this Agreement is in the ordinary course of business of Correspondent and will not result in: (a) a breach of any term or provision of any organizational documents of Correspondent; (b) a breach of any term or provision of, conflict with, or constitute a default under any agreement to which Correspondent or its property is subject; or (c) a violation of any law, rule, regulation, order, judgment or decree to which Correspondent or its property is subject.
- D. No representation, warranty or written statement made by Correspondent in this Agreement, nor any application, documentation, schedule, exhibit, statement, or certificate furnished to Purchaser by Correspondent contains any untrue statement of material fact or omits any material fact which could render such statement misleading.

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- E. Correspondent acknowledges that in the event an automated underwriting system is used to underwrite any Loan sold to Purchaser, Correspondent is or will be fully trained in the use of such automated system before any such use and will follow all appropriate procedures when using such system.
- F. Each of the representations and warranties contained in this Section is true and correct upon the execution of this Agreement and shall continue to be true and correct upon delivery of any Loan to Purchaser for purchase.
- G. It is, and shall at all times remain, knowledgeable and in compliance with all federal, state and local laws, regulations and rules applicable to its operations and activities, including, without limitation, consumer financial protection laws and regulations.
- H. It maintains (a) a UDAAP (as hereinafter defined) compliance policy, (b) an adequate and appropriate program for assessing compliance with such UDAAP compliance policy and (c) a system for reviewing and responding to customer complaints.
- I. It is in compliance with the Appraiser Independence Requirements of the Dodd-Frank Wall Street Reform and Consumer Protection Act, TILA (as hereinafter defined) (including Regulation Z), Fannie Mae and Freddie Mac.
- J. It (a) has implemented and will maintain a satisfactory Anti-Money Laundering (“AML”) Program as required by 31 CFR Parts 1010 and 1029 and (b) will perform all obligations under the AML laws and regulations, and any amendment thereto, as to (i) verifying the identity of each customer or client of Purchaser, and (ii) monitoring, recordkeeping, reporting and other obligations regarding transactions and other activity with each customer.

Section 4.2: Representations and Warranties Regarding Each Loan. After a diligent investigation and inquiry with respect to each Loan, Correspondent acknowledges and agrees to abide by the Correspondent Guidelines, acknowledges that Purchaser has a “zero tolerance” policy for Loan fraud and further represents and warrants to Purchaser that as of the related Purchase Date:

- A. The Loan has been originated by Correspondent and Correspondent has complied with all of its obligations under this Agreement. Correspondent warrants that all Loans under the terms of this Agreement have been and will be originated only by the Correspondent, unless specific approval has been granted for third party originations and a Third Party Origination Rider has been executed by Correspondent and Purchaser.
- B. Correspondent has the authority to sell, transfer, and assign the Loan on the terms herein set forth; there has been no assignment, sale or pledge thereof by Correspondent (except any pledge required pursuant to a line of credit agreement between Correspondent and its warehouse lender); and as of the Purchase Date, such Loan will be free and clear of liens, claims, security interests, or encumbrances of any type (including, but not limited to any pledge in favor of any warehouse lender).
- C. The Loan complies with all of the applicable FNMA, FHLMC, Purchaser, and applicable private investor regulations, requirements, and standards, and all representations and warranties required to be made by sellers pursuant to such regulations, requirements and standards are hereby made by Correspondent to Purchaser.

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- D. All The Loan is insurable by a private mortgage guaranty insurer, when required, and an appropriate certificate or other evidence of such insurance will be issued by the insurer. There are no defenses, counterclaims or rights of set-off affecting the validity or enforceability of any private mortgage insurance, with respect to the Loan or eligibility of such Loan for insurance or guaranty.
- E. With respect to the Mortgagor, the Property, and the Loan, there are no facts or circumstances that exist which could be reasonably expected to cause private institutional investors to regard the Loan as an unacceptable investment, cause the Loan to become delinquent, or adversely affect the value or marketability of the Property or the Loan.
- F. Correspondent has complied with all applicable Federal, State, and Local laws, rules, ordinances, and regulations, including, but not limited to: (i) the Federal Truth in Lending Act of 1969 (“*TILA*”) and Regulation Z issued thereunder (“*Regulation Z*”); (ii) the Federal Equal Credit Opportunity Act (“*ECOA*”) and Regulation B issued thereunder; (iii) the Federal Fair Credit Reporting Act and all applicable regulations issued thereunder (“*FCRA*”); (iv) the Federal Real Estate Settlement Procedures Act of 1974, and Regulation X issued thereunder (collectively, “*RESPA*”); (v) the National Flood Insurance Act of 1968, the National Flood Disaster Protection Act of 1973 and the National Flood Insurance Reform Act of 1994 (collectively, the “*Flood Act*”) (as if it were a covered entity and regardless of whether Correspondent is otherwise subject to such statute and/or regulations); (vi) the Fair Housing Act; (vii) the Home Mortgage Disclosure Act and Regulation C issued thereunder; (viii) the Financial Institutions Reform Recovery and Enforcement Act of 1989 (“*FIRREA*”), (ix) the privacy provisions of the Gramm-Leach-Bliley Act, each as may be amended from time to time, including any implementing regulations issued pursuant thereto; (x) any and all licensing requirements for mortgage brokers and/or lenders; (xi) requirements as applicable to the Loans of FNMA and FHLMC; each as amended from time to time; and (xii) any and all laws, rules, ordinances, regulations, regulatory guidance and industry standards relating to adjustable rate mortgages, negative amortization, and graduated payment mortgages (collectively, the “*Applicable Laws*”). Correspondent also has not engaged and will not engage in any unfair, deceptive or abusive acts and practices (“*UDAAPs*”) in relation to the Loan.
- G. The rules, regulations, and all applicable requirements of private mortgage insurance companies, hazard insurance companies or other insurers have been properly satisfied; including, without limitation, the payment by Correspondent of all mortgage guaranty and insurance premiums and fees as and when due, and the submission by Correspondent of insurance binders enforceable as required by Purchaser: Correspondent shall make Purchaser the loss payee of each mortgage guaranty insurance policy, hazard, and flood insurance policy.
- H. The proceeds of the Loan have been fully disbursed; there is no requirement for future advances; the unpaid principal balance is as stated; all costs, fees, taxes and expenses incurred in making and closing the Loan and recording the Mortgage have been paid.
- I. The Mortgage Note and the related Mortgage are genuine, and each is a legal, valid and binding obligation of the Mortgagor(s), enforceable in accordance with their terms. All parties to the Mortgage Note and the Mortgage had legal capacity to execute the Mortgage Note and the Mortgage and each Mortgage Note and Mortgage have been duly and properly executed by the Mortgagor(s).
- J. The Mortgage has not been satisfied, canceled, subordinated or rescinded; no part of the Property has been changed, waived, impaired or modified, except for loan adjustments made in compliance with the Mortgage Note and applicable regulatory requirements; no waiver of any default, breach, violation or event of acceleration has occurred; the Loan is current, and in the event of outstanding balance purchased has been credited with payments not yet collected and/or due Correspondent,

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Correspondent will promptly collect said payment when due and notify Purchaser of any payments not made within 30 days of the due date.

- K. No representation, warranty or written statement made by Correspondent in this Agreement, nor any application, documentation, schedule, exhibit, statement, or certificate furnished to Purchaser by Correspondent contains any untrue statement of material fact or fails to state any material fact which could render such statement misleading. All information contained in the Credit File or Loan File is true, complete and accurate; Correspondent is not aware of any fact not set forth in the Credit File or Loan File which Purchaser might reasonably consider to be adverse to the approval of the Loan, or would make the Loan ineligible for sale in the secondary market.
- L. A title insurance commitment or a title insurance policy, including all applicable endorsements, has been issued by a title insurer, acceptable to Purchaser in its sole and absolute discretion, insuring Correspondent, its successors and assigns, or Purchaser as to the first priority lien of the Mortgage in the original principal amount of the Mortgage Note; Correspondent has not by act or omission, done anything which would impair the title insurance policy coverage.
- M. The assignment of the Loan from Correspondent to Purchaser has been duly authorized and is valid and sufficient, and all consents and approvals to such assignment has been obtained, including in the case of cooperatives, the consent of the cooperative corporation.
- N. All documents prepared by Correspondent are genuine, accurate, and complete and meet the requirements and specifications established by FNMA, FHLMC, the Correspondent Guidelines and this Agreement as applicable.
- O. There is in force such flood insurance policy as is required under Flood Act and its implementing regulations regardless of whether Correspondent is specifically subject to such statute or regulations.
- P. The improvements on the Property securing the Loan are covered by hazard insurance policies issued by an insurer acceptable to Purchaser: (i) in an amount which, except where limited by applicable law to a lesser amount, is equal to the lesser of (a) 100% of the insurable value of the improvements or (b) the outstanding principal balance of the Loan, provided the unpaid principal balance is at least eighty percent (80%) of the insurable value of the improvements and if it is not, then eighty percent (80%) of the insurable value of the property; (ii) of a type substantially in the form of and at least as protective as the fire and extended coverage contained in the "New York" loss mortgage clause (also known as a "standard" or "union" loss mortgage clause), which provides that Correspondent's hazard insurance is not invalidated by acts of the Mortgagor, and (iii) containing suitable provisions for payment of all present and future loans on the secured property in order of precedence; the Property has not been damaged so as to adversely affect its value.
- Q. No mortgage brokers or other consultants or finders who were consulted or contacted in connection with (i) the origination of the Loan or (ii) the purchase of the Loan by Purchaser pursuant to this Agreement are owed any outstanding fees by Purchaser.
- R. All taxes, governmental assessments, insurance premiums, water, sewer, municipal charges, leasehold payments, ground rents, home owners association dues and other charges, have been paid; and all funds paid or due to be paid have been paid and delivered to Purchaser in connection with any escrow accounts created on the Closing Date.

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- S. There is no proceeding pending for the total or partial condemnation of the Property and the Property is undamaged by waste, fire, flood or other casualty.
- T. The Mortgage Note and the Mortgage are not subject to any right of rescission, setoff, counterclaim or defense, nor has any such right been asserted with respect thereto.
- U. The actual loan-to-value ratio of the Loan does not exceed the maximum amount permitted under the Correspondent Guidelines. The appraisal prepared in connection with each Property provides an accurate estimate of the bona fide market value of such Property and was prepared by a licensed real estate appraiser, acceptable to Purchaser (as set forth in the Correspondent Guidelines), with no direct or indirect interest in the Property or other conflict of interest.
- V. The Mortgage Note contains the lesser of the maximum late charge permitted by the state where the property securing the Loan is located and the maximum late charges permitted by the applicable agency.
- W. Appropriate escrow amount for property taxes and insurance was collected from borrowers in conformity with RESPA and any similar state laws that apply (unless expressly waived by Purchaser). There are no payments which are unpaid including, but not limited to taxes, ground rents, water charges, sewer rents, assessments, including any assessments payable in future installments, or other outstanding charges affecting the lien of the Mortgage.
- X. All funds collected from borrowers at closing will be properly segregated and accounted for per the Correspondent Guidelines and the Applicable Laws, and will be used for no other purpose than that for which they have been designated.
- Y. The Loan is not subject to the provisions and requirements set out in Section 226.32 of Regulation Z covering specific "high cost" mortgages and the Loan is not a "high-cost," "predatory," "covered" or similarly designated, as defined in any applicable federal, state or local statute or regulation.
- Z. The Loan satisfies the ability-to-repay requirements set forth in 12 C.F.R. Section 1026.43 or any successor regulation.

All of the representations and warranties set forth in Article IV shall survive and continue in force for the full remaining life of the Loan and are made for the benefit of Purchaser and its successors and assigns.

Section 4.3: Covenants of Correspondent. Correspondent covenants and agrees with Purchaser as follows:

- A. Correspondent shall notify Purchaser immediately of:
 - (i) any material changes in its ownership, financial condition, or management;
 - (ii) any audits, examinations, or reviews by any state regulatory agency, including any administrative sanctions imposed upon Correspondent; or
 - (iii) any fact or circumstance Correspondent becomes aware of following the sale of any Loan which would have caused the Loan to be ineligible for sale to Purchaser if known prior to such sale.

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- B. Purchaser may, from time to time, review, at Correspondent's place of business, or at Purchaser's place of business, Correspondent's operations, loan files, policies, procedures and records, in order to determine whether Correspondent meets Purchaser's quality control standards.
- C. Correspondent shall timely deliver to each applicant completed copies of all application disclosures required by law, Purchaser's Correspondent Lender Guide and/or investor requirements, including, without limitation, Regulation Z disclosure statement, Loan Estimate and Closing Disclosure, Federally mandated fixed rate, or ARM disclosures, FCRA credit score and risk-based pricing disclosures and U.S. Department of Housing and Urban Development ("HUD") booklets. Correspondent shall observe all applicable waiting periods and re-disclosure requirements. Correspondent shall be responsible for compliance with aggregate accounting requirements relating to escrow account statements and escrow accounting procedures mandated by RESPA. Correspondent shall also be responsible for compliance with ECOA and FCRA concerning notification of adverse action to an applicant whose Loan Package Purchaser does not accept (Purchaser may, at its option, deliver notice of adverse action to Correspondent for further delivery to applicant). Correspondent shall comply with Regulation Z concerning return of all moneys paid by the applicant to Correspondent should the applicant rescind and Correspondent shall not seek reimbursement from Purchaser for such refund.
- D. Correspondent shall deliver evidence, in a form satisfactory to Purchaser, of such compliance, including, but not limited to, copies of any notice or disclosure form furnished to an applicant.
- E. Correspondent utilizes only licensed real estate appraisers that meet the requirements set forth in the Correspondent Guidelines, and whose approval and appointment is made in compliance with regulations and standards contained in FIRREA.
- F. Each Loan that Correspondent delivers to InterFirst shall satisfy the ability-to-repay requirements set forth in 12 C.F.R. Section 1026.43 or any successor regulation applicable to Agency Qualified Loans or Safe Harbor Loans, and Correspondent shall, when registering the Loan with InterFirst, designate whether the Loan is an Agency Qualified Loan or Safe Harbor Loan. The Loan that InterFirst purchases from Correspondent must be the same type of Loan that Seller designated on the date of registration.
- G. At all times during the term of this Agreement, Correspondent shall maintain a complete set of files and records of all business activities and operations conducted by Correspondent in its capacity as loan correspondent of Purchaser. Such files and records shall be maintained in a neat, orderly and organized manner. For a period of not less than sixty (60) months from and after the date of termination and expiration of this Agreement, Correspondent shall continue to maintain all such files and records at a reasonably accessible location. Alternatively, Correspondent may deliver to Purchaser all such files and records. At all times during the term of this Agreement and at all times during the twenty-five (25) month period following expiration or termination of this Agreement, Purchaser, its duly authorized agents, representative and employees, any necessary party involved in any public offering (such as rating agencies) and federal and state regulatory agencies which supervise Purchaser shall have a right, upon reasonable notice, to audit, inspect and copy any of the foregoing records, reports, files, and related materials of Correspondent, and Correspondent shall cooperate and assist any such audit or inspection.

Correspondent Loan Purchase Agreement *(Cont.)*

ARTICLE V – INDEMNIFICATION AND REPURCHASE

Section 5.1: Breach of Representation, Warranty or Covenant. Upon discovery of a breach of any of the representations and warranties set forth in Section 4.1 or 4.2 hereof, or the covenants set forth in Section 4.3 hereof, the party discovering such breach shall give written notice to the other. Correspondent shall have thirty (30) days following its discovery or its receipt of notice of any such breach from Purchaser, to cure such breach to the reasonable satisfaction of Purchaser. If in the reasonable judgment of Purchaser such breach cannot be cured within such thirty (30) day period, or is incapable of being cured, Correspondent shall, at the request of Purchaser, proceed to repurchase the affected Loan or Property, if title thereto is being held by Purchaser, at the related Repurchase Price. In addition to such repurchase, Purchaser is entitled to indemnification pursuant to Section 5.5 hereof.

Section 5.2: Repurchase of Loans by Correspondent. Upon the occurrence of any of the following events, Correspondent agrees to immediately repurchase the related Loan or Property, if title thereto is being held by Purchaser, at the Repurchase Price:

- A. Correspondent fails to provide all of the documentation required by Purchaser and/or fails to satisfy all other requirements of this Agreement within one hundred twenty (120) days following the Purchase Date. Such date shall be extended to a date one hundred and eighty (180) days following the Purchase Date for documents timely sent out for recording, but not yet returned due to delays solely within the applicable recording office.
- B. Purchaser repurchases any Loan previously conveyed, transferred, or assigned by Purchaser to any third party due to defects which existed prior to, or arose as a result of an occurrence on or before the Purchase Date, or a third party investor refuses to purchase a Loan due to defects which existed prior to or arose as a result of an occurrence on or before the Purchase Date.
- C. The Loan File or Credit File contains any Fraudulent Document regardless of whether or not such Loan is delinquent.

Section 5.3: Early Payment Default. If Loans underwritten by Correspondent under the approved delegated underwriting authority as described in the Delegated Underwriting Addendum, if one is attached hereto, or by Correspondent's agency approved delegated underwriter, and not underwritten by Purchaser prior to purchase, are subject to a payment default on any of the first three (3) scheduled monthly payments due Purchaser, its successors and/or assigns, and when such default is not cured within sixty (60) days following such default, the Loan shall be considered an early payment default. Cure for an early payment default is repurchase of the Loan or the Property, if title thereto is being held by Purchaser, and/or indemnification. If indemnification is allowed by Purchaser, Correspondent will be required to return the SRP and pay \$1,500. In the event these funds do not cover all losses, Correspondent will be invoiced for the deficiency and will promptly remit such amount to Purchaser. Indemnification is not an option for any Loans for which the investor has demanded repurchase.

Section 5.4: Reconveyance of Loan or Property Following Repurchase by Correspondent. Upon repurchase by Correspondent, Purchaser will endorse the Mortgage Note without recourse and execute a recordable assignment of the Mortgage and Loan to Correspondent and reasonably cooperate in the transfer of the Loan and all information relating thereto the Correspondent. If the repurchase of Property occurs and title thereto is being held by Purchaser, Purchaser will convey the Property to Correspondent.

Section 5.5: Indemnification. Correspondent hereby agrees to indemnify, save, and hold harmless Purchaser, its successors and assigns, from and against any and all losses, damages, costs or expenses of

Correspondent Loan Purchase Agreement (*Cont.*)

any nature, including loss of marketability and attorneys' fees, resulting from (a) breach of any representation or warranty, covenant or agreement, made by Correspondent; or (b) any misstatement or omission of material fact in the Loan File or Credit File, whether disclosed by actual inspection by Purchaser or its representative, or otherwise. This indemnification shall survive any termination or cancellation of this Agreement.

Section 5.6: Remedies not Exclusive. The remedies set forth in this Article V, in other sections of this Agreement, and in the Correspondent Guidelines, are in addition to and not to the exclusion of any and all other rights and remedies available to Purchaser herein, at law, in equity or by statute, including specific performance.

ARTICLE VI – TERMINATION

Section 6.1: Termination without Cause. This Agreement may be terminated without cause by either party at any time upon 15 days written notification. If the termination is at Purchaser's option, the Correspondent will be allowed to continue to register Loans during the 15-day period for those loan programs which Purchaser has made available to Correspondent. Any Loans registered may be locked during the 15-day period. After the 15-day period, no more registrations or locks will be accepted; however, all locked Loans delivered within the rate reservation term will be purchased provided they meet all funding requirements and other requirements established under this Agreement. Requests for extensions of delivery time on locked Loans will not be unreasonably withheld. Notwithstanding any termination of this Agreement, the representations and warranties, covenants, agreements, and obligations of Correspondent, including but not limited to, its continuing responsibility to promptly supply Purchaser with outstanding documentation regarding all Loans purchased, and its obligation to repurchase Loans and to Indemnify Purchaser as provided herein shall remain in full force and effect.

Section 6.2: Termination with Cause and/or Suspension. At any time Correspondent is in breach of this Agreement, Purchaser, in addition to any remedies and rights contained herein, at its sole option, may take one of two curative measures. For violations that do not appear to pose a serious threat to the integrity of the program, Purchaser may suspend the Correspondent from future registrations per Section 6.3 hereof. For those violations that Purchaser deems to be serious enough in nature to pose a risk to the program, Purchaser may terminate the Correspondent with cause per Section 6.4 hereof.

Section 6.3: Suspension. Purchaser will notify a lender 24 hours in advance that a breach of this Agreement exists, and that future registrations are suspended. A suspended Correspondent may continue to deliver previously locked Loans during the period of suspension. Failure by Purchaser to immediately suspend a Correspondent when the breach is first discovered will not prevent Purchaser from taking this action at a later date. Any time Purchaser deems the breach has been corrected or that management has taken proper steps to correct the breach, Purchaser may lift the suspension. Notwithstanding any suspension of a Correspondent's registration privileges, the representations and warranties, covenants, agreements, and obligations of Correspondent, including but not limited to, its continuing responsibility to promptly supply Purchaser with outstanding documentation regarding all Loans purchased, and its obligation to repurchase Loans and to indemnify Purchaser as provided herein shall remain in full force and effect.

Section 6.4: Termination with Cause. Purchaser will have no further obligation to purchase any Loans from a Correspondent terminated for cause regardless of the Loan status; however, Purchaser may choose to purchase some or all of the Correspondent's locked Loans without prejudicing the decision to terminate with cause. Notwithstanding a termination for cause, the representations and warranties, covenants, agreements, and obligations of Correspondent, including but not limited to, its continuing responsibility to

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promptly supply Purchaser with outstanding documentation regarding all Loans purchased, and its obligation to repurchase Loans and to indemnify Purchaser as provided herein shall remain in full force and effect.

ARTICLE VII – MISCELLANEOUS PROVISIONS

Section 7.1: Assignment; Successors and Assigns. Correspondent may not assign, or delegate any of its rights, duties, and/or obligations hereunder without the written permission of Purchaser, which may be withheld in its sole discretion. A change in ownership, merger, or consolidation of Correspondent shall be considered an assignment for purposes of this Agreement. Purchaser may assign this Agreement, in whole or in part, to any purchaser or transferee without the consent of, or prior notice to, Correspondent. Except as otherwise provided herein, this Agreement and all of the terms and conditions herein shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns.

Section 7.2: Relationship between Parties. No exclusive relationship between Correspondent and Purchaser shall result from this Agreement. Correspondent is an independent contractor and nothing herein shall be construed to make Correspondent a partner, joint venture, employee or agent of Purchaser. Correspondent shall not make any statement, which leads any third party to reasonably believe that it is an agent of Purchaser, and shall have no authority to bind or make any representations on behalf of Purchaser. Correspondent shall not use or refer to Purchaser's name in any form of advertising, written materials or circulars except as may be required by law.

Section 7.3: No Third Party Beneficiaries. This Agreement is made for the express benefit of Correspondent and Purchaser, not for the benefit or interest of any other persons or entities, and accordingly, no third party shall obtain or acquire any rights or interest in this Agreement or by reason of the performance or failure of performance of either of the parties hereto or of their respective rights, privileges, duties or obligations arising hereunder.

Section 7.4: Entire Agreement; Prior Agreements; Severability. This Agreement, the Correspondent Guidelines, which are incorporated by reference herein in their entirety as provided above, and any other agreement, document or instrument attached hereto or referred to herein or in the Correspondent Guidelines constitute the entire agreement between the parties and supersede all prior and contemporaneous agreements, representations, and understandings, written or oral, express or implied, concerning the subject matter of this Agreement. In the event of any conflict between the terms, conditions and provisions of this Agreement, the Correspondent Guidelines, and any such agreement, document or instrument, the terms, conditions and provisions of this Agreement shall prevail. Any additions, changes, amendments or modifications of this Agreement must be in writing and executed by each of the parties hereto; provided, however, that Purchaser may from time to time amend or update the Correspondent Guidelines by delivering program announcements, bulletins and the like to Correspondent or posting them on Purchaser's website and/or portal in the manner contemplated in the Correspondent Guidelines, each of which shall be effective as indicated therein. The invalidity or unenforceability of any portion of this Agreement shall not affect the remaining provisions.

Section 7.5: Notices. Any notice required to be given to a party hereto under the provisions of this Agreement must be in writing and delivered either personally, by overnight delivery service or by certified or return receipt mail to the other party at the addresses indicated herein above, or at any future address that may be changed via notice by certified mail.

Section 7.6: Non-Solicitation; Early Payoff or Paydown. Correspondent covenants and agrees that it will not directly or indirectly take any action, or cause any action to be taken by any of its designated third

Correspondent Loan Purchase Agreement (*Cont.*)

party originators, agents, contractors, employees or affiliates, to solicit the prepayment of or any alteration in payment procedures or terms of any Loan sold to Purchaser under the terms of this Agreement. The preceding statement shall not preclude Correspondent from engaging in general advertising or from servicing the refinance needs of a Mortgagor who, without solicitation in violation of this Section 7.6, contacts Correspondent in connection with the refinance of such Mortgagor's Loan. Regardless of whether solicitation occurred, should any loan sold under this Agreement be paid off in full or paid down by more than twenty percent (20%) of the original principal balance within one hundred eighty (180) days of purchase, other than a Purchaser direct refinance, the Correspondent shall promptly return the original SRP plus any Premium paid for the loan to Purchaser. The return of the SRP and Premium will be required regardless of whether Purchaser is the purchaser of the new mortgage or the current holder of the Loan that was paid off in full or paid down.

Section 7.7: Resolutions. Prior to the execution of this Agreement, Correspondent shall provide resolutions from its board of directors, partners and/or members, as the case may be, authorizing the individual signing this Agreement to enter into this Agreement on behalf of Correspondent and authorizing specific individuals who may either: (i) enter into Commitments and/or assign and transfer Loan documents; or (ii) appoint other individuals to enter into Commitments and/or assign and transfer Loan documents.

Section 7.8: Annual Requirements. Within one hundred twenty (120) days following the end of each fiscal year of Correspondent, Correspondent shall deliver to Purchaser financial statements of Correspondent, prepared in accordance with GAAP, covering such fiscal year, including a balance sheet as of the end of such fiscal year, and related statements of changes in financial position and shareholders' equity for such fiscal year setting forth in each case in comparative form, figures for the previous fiscal year all in reasonable detail, and unless otherwise agreed by Purchaser, such financial statements shall be audited and certified by an independent certified public accountant. Correspondent shall also provide satisfactory evidence that all licenses, insurance, and bonds have been renewed and are current. Purchaser may at its option, from time to time, require unaudited financial statements on a more frequent basis.

Correspondent shall also certify that to the best of its knowledge, it has complied with this Agreement and Purchaser's requirements, and provide any other documentation or information regarding its qualifications and performance under this Agreement as Purchaser may reasonably request.

Section 7.9: Review of Correspondent's Policies, Procedures, Internal Controls and Training Materials. At all times during the term of this Agreement, Purchaser, its duly authorized agents, representatives and employees shall have the right, upon reasonable notice, to request and review Correspondent's policies, procedures, internal controls and training materials to ensure that Correspondent complies with all applicable federal and state consumer financial protection laws and regulations and conducts appropriate training and oversight of its employees or agents that have consumer contact or compliance responsibilities.

Section 7.10: Set-Off. Correspondent agrees that Purchaser shall have the right at any time, without notice, to the extent permitted by law, to offset against any amounts to which Correspondent may be entitled hereunder, any amounts owed or hereafter owed by Correspondent to Purchaser, whether under this Agreement or otherwise. Correspondent agrees that Purchaser may, at its option, deduct from any SRP due Correspondent, any moneys paid by Purchaser on behalf of Correspondent, or due Purchaser based upon Correspondent's failure to perform under the terms of this Agreement, the Correspondent Guidelines and/or any related Commitment.

Section 7.11: Governing Law. This Agreement and the interpretation of its terms shall be governed by the laws of the State of Illinois without giving effect to its principles of conflict of laws.

Correspondent Loan Purchase Agreement *(Cont.)*

SECTION 7.12: WAIVER OF JURY TRIAL. EACH OF THE PARTIES HERETO KNOWINGLY, VOLUNTARILY AND INTENTIONALLY HEREBY WAIVES THE RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT TO ANY LEGAL PROCEEDINGS ARISING OUT OF, UNDER, OR IN CONNECTION WITH THIS AGREEMENT OR ANY OTHER DOCUMENT OR AGREEMENT CONTEMPLATED OR TO BE EXECUTED IN CONNECTION HEREWITH, ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER VERBAL OR WRITTEN), TRANSACTIONS CONTEMPLATED HEREBY OR ACTIONS OF EITHER PARTY.

Section 7.13: Attorneys' Fees. In connection with any litigation or court proceedings arising out of the enforcement of this Agreement, the prevailing party will be entitled to recover from the other party, all costs incurred, including reasonable attorneys' fees for services rendered before suit is brought, prior to trial, or appeal, or in federal bankruptcy proceedings.

Section 7.14: Limited Power of Attorney. Correspondent irrevocably appoints Purchaser as its attorney-in-fact and agrees to execute a Limited Power of Attorney in the form provided by Purchaser appointing Purchaser as its attorney-in-fact for the limited purposes of permitting Purchaser to: (a) endorse any check, draft or other instrument in its possession which is made payable to Correspondent but which is due Purchaser under the terms of this Agreement, (b) endorse Mortgage notes to Purchaser or to any other person or entity and to make corrections and revisions to any Mortgage Note endorsements made by Correspondent or Purchaser and (c) prepare and execute Assignments of Mortgages assigning to Purchaser or to any other person or entity any Mortgage securing a Mortgage Note sold by Correspondent to Purchaser and to make corrections and revisions to any Assignment of Mortgage made by Correspondent or Purchaser assigning any Mortgage Note sold by Correspondent to Purchaser.

Section 7.15: Counterparts; Facsimile Signatures. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one instrument. Facsimile signatures shall be deemed valid and binding to the same extent as an original.

Section 7.16 Survival; Applicability. The representations, warranties, covenants and agreements made by Correspondent in the Correspondent Agreement and this Amendment shall survive the purchase of mortgage loans by Purchaser and shall inure to the benefit of Purchaser and its successors and assigns, notwithstanding any restrictive or qualified endorsement on any Note or Assignment of Mortgage or Purchaser's examination of or failure to examine any Loan Application Package(s). Furthermore, the absence of Correspondent in either the chain of title or endorsements shall in no way limit Purchaser's recourse against Correspondent as provided in the Correspondent Agreement and/or this Amendment for a breach of one or more of the representations, warranties and covenants made by Correspondent. Notwithstanding anything to the contrary in the Correspondent Agreement and/or this Amendment, the failure of Correspondent to identify or discover any deficiency or error with respect to any Loan Application Package or mortgage loan, or failure to otherwise reject any mortgage loan for submission or purchase shall not release Correspondent from its obligations herein and shall not impair or diminish the rights of Purchaser or any of its successors or assigns under the Correspondent Agreement and/or this Amendment with respect to a breach of the representations, warranties and covenants contained in the Correspondent Agreement and/or this Amendment, including but not limited to Purchaser or any of its successors' or assigns' rights to demand repurchase or other remedies provided for in the Correspondent Agreement and/or this Amendment.

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Correspondent Loan Purchase Agreement *(Cont.)*

IN WITNESS WHEREOF, Purchaser and Correspondent have caused this Correspondent Loan Purchase Agreement to be executed, by their duly authorized representatives, as of the day and year first above written.

**CHICAGO MORTGAGE SOLUTIONS CORPORATION
D/B/A INTERFIRST MORTGAGE COMPANY**

By: _____

Name: _____

Title: _____

CORRESPONDENT:

By: _____

Name: _____

Title: _____