

BROKER AGREEMENT

This Broker Agreement ("Agreement") is made and entered into as of this _____ day of _____, 20__, at Roseville, California, by and between Pinnacle Capital Mortgage Corporation ("Pinnacle") and _____, a _____ (state) _____ (type of entity) ("Broker"). Pinnacle and Broker may be referred to herein individually as a "Party," and collectively as the "Parties."

Recitals

1. Pinnacle is interested in accepting from Broker certain mortgage loans secured by residential real property (the "Loan" or "Loans") for funding consideration.
2. Broker desires to submit to Pinnacle certain Loans for approval and funding.

Now, therefore, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Pinnacle and Broker agree as follows:

Article I—Broker's Representations, Warranties and Agreements

1.01 General Representations, Warranties and Agreements. Broker represents and warrants to Pinnacle that as of the date first set forth above and as of the date of Pinnacle's funding of each Loan hereunder that:

a. Broker is duly organized, validly existing and in good standing under the laws of the jurisdiction of Broker's organization and is qualified, licensed and/or endorsed as necessary to transact business in the state wherein the borrower resides and the real property securing the Loan is located;

b. Broker has and will have the requisite power and authority to enter into and perform this Agreement;

c. this Agreement has been duly authorized, executed, and delivered to Pinnacle and constitutes a valid, legally binding and enforceable agreement, except as such enforcement may be limited by bankruptcy, insolvency, reorganization, receivership, moratorium or other laws relating to or affecting the rights of creditors generally, and by general principles of equity;

d. the execution and performance of this Agreement will not violate any provision of any organizational document, instrument, agreement, judgment, order, statute, or regulation by which Broker is bound or to which it is a party or require the consent of any other person or governmental authority (unless such consent has been obtained);

e. there is no action, proceeding, or investigation pending or, to Broker's knowledge, threatened, that has or would have an adverse effect on Broker's performance of its obligations under this Agreement or which questions the validity of this Agreement or of any action taken or to be taken pursuant thereto;

f. no consent, approval, authorization or order of any court, government body or any other person or entity is required for the execution, delivery and performance by Broker of this Agreement;

g. Broker is not a party to, bound by or in breach or violation of any agreement or 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 Broker to perform its obligations under this Agreement, including, without limitation, Broker's purchase and indemnification obligations pursuant to this Agreement;

h. no statement, report, document or other information provided by Broker to Pinnacle, or to be provided by Broker to Pinnacle pursuant to this Agreement contains, or will contain, any misrepresentation or untrue statement of fact or omits, or will omit, to state a fact necessary to make the information contained therein not misleading.

i. Broker has established and implemented a written Anti-Money Laundering ("AML") program that is reasonably designed to prevent Broker from being used to facilitate money laundering or the financing of terrorism. Broker represents and warrants that its AML program, at a minimum: i) incorporates policies and procedures and internal controls for complying with the Bank Secrecy Act ("BSA"); ii) designates a compliance officer responsible for ensuring that the AML program is implemented effectively, and includes regular and ongoing monitoring of Broker's employees and agents to ensure compliance with that program; iii) provides for ongoing AML training of Broker's employees and agents; and iv) provides for independent, third-party testing of Broker's AML program to determine compliance by its employees and agents. In addition, Broker represents and warrants that it has implemented policies and procedures to ensure that Suspicious Activity Reports ("SAR's") are filed electronically, and in a timely manner, in connection with loan transactions of \$5,000 or more if Broker knows, or has reason to suspect, that the transaction: v) involves funds derived from illegal activity; vi) is designed to evade the BSA or Broker's AML program; vii) has no apparent business or lawful purpose; or, viii) is intended to facilitate criminal activity;

j. Broker has established and implemented a procedure for the checking of prospective employees against GSA (General Service Administration) and LDP (Limited Denial of Participation) lists, and if a prospective employee is found to be on a GSA or LDP list, that the employee, if hired by Broker, will not have any involvement in any respect with any aspect of mortgage loan origination in connection with loans submitted to Pinnacle;

k. Broker maintains an effective quality control program and Compliance Management System (collectively, its "CMS") designed to prevent violations of federal consumer financial law, and associated consumer harm. Broker shall make available, upon the request of Pinnacle: (a) copies of Broker's written policies, procedures, internal controls and training materials relative to Broker's employees and/or agents that have consumer contact and/or any consumer compliance responsibilities in connection with residential mortgage loan origination; and, (b) upon reasonable advance notice, permit Pinnacle access, during normal business hours, to the offices of Broker in order that Pinnacle may make appropriate on-site reviews, as necessary to confirm the propriety and effectiveness of Broker's CMS, including an examination of Broker's internal controls and procedures that are designed to protect against a violation of federal consumer financial law and/or consumer harm. Broker agrees to report to Pinnacle, within three (3) days: (a) any consumer complaint which in any way involves any of the services contemplated by this Agreement or a loan application submitted to Pinnacle for funding consideration; (b) any consumer complaint which involves federal consumer financial law, whether or not related to the services contemplated by this Agreement; (c) any legal or

regulatory action which alleges a violation of federal consumer financial law; and/or, (d) any changes in senior management. It is expressly understood and agreed that the terms of this section 1.01(k) are a material condition and inducement to Pinnacle to enter into this Agreement. It is further understood and agreed that any failure of Broker to fully perform, in whole or in part, any of the terms of this section shall constitute a material breach of this Agreement and the grounds for its immediate termination.

1.02 Representations and Warranties with respect to Loans. Broker represents and warrants to Pinnacle as to each Loan that:

a. the Loan has been originated according to acceptable mortgage industry standards, in compliance with all applicable federal, state and local statutes, regulations, guidelines, handbooks and bulletins, and is or will be secured by one-to-four unit family residential real estate;

b. there are no agreements with the borrower other than those set forth in the Loan documents;

c. all information contained in the Loan documents submitted to Pinnacle is true and correct and has not been altered or modified by Broker;

d. Broker has no knowledge of, and has not concealed any information which would adversely or materially affect, Pinnacle's decision to fund the Loan submitted by Broker to Pinnacle or which would otherwise cause the Loan to be considered not of investment quality;

e. the real property securing the Loan is free and clear of all mechanics' liens or liens in the nature thereof, and no rights are outstanding that under law could give rise to any such lien, nor is Broker aware of any facts which could give rise to any such lien;

f. all federal and state statutes, regulations, handbooks and bulletins applicable to the Loan have been complied with, including, without limitation: the Truth-in-Lending Act, and Regulation Z; the Real Estate Settlement Procedures Act, and Regulation X; the Flood Disaster Protection Act; the S.A.F.E. Mortgage Licensing Act, and Regulation H; the Mortgage Acts and Practices Act, and Regulation N; the Gramm-Leach-Bliley Act, and Regulation P; the Fair Credit Reporting Act, and Regulation V; the Dodd-Frank Wall Street Reform and Consumer Protection Act including, without limitation, its prohibition on unfair, deceptive or abusive acts and practices ("UDAAP"); the Equal Credit Opportunity Act, and Regulation B; the Fair Housing Act; and, all applicable federal and state statutes, regulations and rules governing fraud, consumer protection, predatory lending, lack of consideration, unconscionability, consumer credit transactions, consumer protection, interest or other charges, licensing and mortgage insurance;

g. no Loan is the subject of, and Broker is not aware of any facts which could give rise to, litigation which could affect Pinnacle's ability to enforce the terms of the obligation or its rights under the Loan documents;

h. no improvement located on or being part of the real property securing the Loan is in violation of any applicable zoning law or regulation;

i. all improvements included for the purpose of determining the appraised value of the real property securing the Loan lie wholly within the boundaries and building restriction lines of such real property, and no improvements or adjoining properties encroach upon the real

property security;

j. there is no proceeding pending for total or partial condemnation of any real property securing the Loan and said real property is free of substantial damage (including, but not limited to, any damage by fire, earthquake, windstorm, flood, vandalism or other casualty) and in good repair;

k. there are no circumstances or conditions with respect to any Loan, real property securing the Loan and/or the 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 or marketability of any Loan;

l. all statements made by the borrower in the applicable Loan application are true, correct and complete. No statement, document, report or material furnished or to be furnished to Pinnacle in connection with any Loan or relating to any Loan, including the applicable Loan application, contains any untrue statement of fact or omits to state a fact necessary to make the statements contained therein not misleading;

m. all parties to the Loan documents have the legal capacity to enter into such documents, and all Loan documents have been properly signed, are valid and their terms may be enforced by Pinnacle, its successors and assigns, subject only to applicable bankruptcy, reorganization, insolvency or other similar laws affecting creditors' rights generally. Moreover, Broker warrants that said Loan documents contain customary and enforceable provisions such as to render the rights and remedies of the holder thereof adequate for the realization against the real property securing the Loan of the benefits of the security provided thereby, including: (i) in the case of a Loan secured by a deed of trust, by trustee's sale; (ii) otherwise, by non-judicial foreclosure to the extent not prohibited by applicable law, and if prohibited, by judicial foreclosure;

n. the real property securing the Loan is in compliance with all applicable federal, state and local legal and regulatory requirements relating to environmental matters, and no hazardous material has been or was incorporated in, stored on or under, or released from, treated on, transported to or from and/or disposed on or from said real property. Broker represents and warrants that neither it nor the borrower has received notification from any federal, state or other governmental authority relating to hazardous material on or affecting the real property security or to any potential or known liability under any environmental law arising from the ownership or operation of the real property security;

o. the appraisal of the real property securing the Loan was made and signed, prior to the approval of the loan application, by an appraiser duly appointed by the Broker who had no interest, direct or indirect, in the Loan or the real property securing the Loan and whose compensation is not affected by the approval or disapproval of the Loan. Broker represents and warrants that any appraisal upon which Pinnacle has relied was prepared by a qualified and properly licensed appraiser who meets Pinnacle's requirements for appraisers and who had no direct interest in the real property security or any lien thereon; and,

p. it will make such investigations and inquiries as reasonably necessary to verify the truthfulness and completeness of all information relating to a borrower's creditworthiness and collateral submitted in connection with an application for a Loan. Broker further represents and warrants that it has no adverse information or documentation concerning any borrower which it has not communicated to Pinnacle. If at any time during the period between the submission of

a Loan application and the closing and funding of a Loan, Broker learns, or has reason to believe, that any of its representations and/or warranties may cease to be true, Broker shall immediately give written notice thereof to Pinnacle. Broker acknowledges that this representation and warranty shall be deemed to have been relied upon by Pinnacle regardless of whether Pinnacle had the opportunity to or did independently verify or investigate any of the information submitted by Broker at any time, whether prior to Loan funding or thereafter. The provisions of this Section 1.02 (p) may not be waived other than by a writing signed by Pinnacle.

q. it has at all times through the processing of the Loan maintained factually accurate and reasonably contemporaneous communication with the borrower(s). If requested by Pinnacle, Broker will produce such written documentation as is necessary to confirm these communications. Failure to produce documentation regarding communication with the borrower shall constitute a material breach of this agreement.

r. it has no direct or indirect ownership interest in the property offered as security for the Loan nor has any business or personal affiliation with, or interest in, any provider of settlement services used in the processing of the Loan unless approved in writing by Pinnacle.

1.03 Indemnification and Release.

a. Broker shall indemnify, defend, and hold Pinnacle, its officers, directors, shareholders, employees, and affiliates, and their respective successors and assigns, harmless from and against any and all liability, claims, losses, costs, expenses, penalties, fines, forfeitures, judgments and damages, including reasonable attorneys' fees, court costs, accounting fees and other related costs actually incurred, both direct and indirect, by whomsoever asserted, arising out of or in connection with any claim: (1) of a borrower related directly or indirectly to any Loan; (2) of any person or persons who prosecute or defend any actions or proceedings as representatives of or on behalf of any class or interest group, or any governmental instrumentality, body, agency, department or commission, or any administrative body or agency having jurisdiction pursuant to any applicable statute, rule, regulation, order, or decree, in connection with any Loan; and/or (3) incurred as a result of any action or inaction by Broker, including, but not limited to, Broker's breach of any covenant, agreement, condition, representation or warranty in this Agreement and/or Broker's negligence, gross negligence, willful misconduct, bad faith, intentional misrepresentation, violation of law or fraud in connection with any Loan.

b. Any dispute between Pinnacle and Broker with respect to indemnification shall be resolved in accordance with Article VII of this Agreement.

c. Broker understands and agrees that Pinnacle may report information about any application for a Loan that Pinnacle believes to contain misrepresentations and/or irregularities to the applicable regulatory agency and/or to any mortgage industry background database, including, but not limited to, databases operated by Mortgage Asset Research Institute, Inc., such as the Mortgage Industry Data Exchange ("MIDEX"). Broker agrees that it and/or its Representatives (as that term is defined at Section 5.03) may be named as the originating entity or loan officer(s) on any such Loan. Broker acknowledges the importance of Pinnacle's right and necessity to disclose such information. Without limiting the generality of Section 1.03(a), Broker, for itself and its Representatives hereby releases Pinnacle, its officers, directors, shareholders, employees, and affiliates, and their respective successors and/or assigns from any and all liability, claims, losses, costs, expenses, penalties, fines, forfeitures, judgments and damages, including reasonable attorneys' fees and court costs, both direct and indirect, that may arise from the reporting or use by any database subscriber of any information submitted by

Pinnacle, with respect to Broker and/or its Representatives, to any mortgage industry background database, including MIDEX.

Article II—Performance Requirements

2.01 Goods and Services. Subject to the terms of this Agreement, Broker may from time to time submit to Pinnacle applications for Loans in accordance with the lending program requirements provided to Broker by Pinnacle, which may be changed from time to time, without prior notice, at the sole discretion of Pinnacle; provided, however, that any such submission, in and of itself, shall not be construed as creating any obligation on the part of Pinnacle to accept any applications from Broker or, after acceptance, to make a Loan with respect to any particular Loan application. Pinnacle shall have complete and sole discretion as to any and all such decisions and all Loans made shall close and fund in Pinnacle's name. Broker shall not warrant or represent to any borrower that Pinnacle has approved or will approve and/or fund any Loan until such time as Pinnacle has so informed Broker in writing. At the time of the submission of any Loan application, Broker shall properly prepare and furnish to Pinnacle, in the form required, such items or documents as Pinnacle may require.

2.02 Non-exclusive Engagement. Broker acknowledges that it is not now and will not be the exclusive provider of goods and services to Pinnacle and that Pinnacle has made no representation as to any volume of Loan applications which it may accept or approve from Broker or from any other source. Pinnacle acknowledges that Broker has no obligation to provide Loan applications to Pinnacle. This Agreement is non-exclusive, and Broker is not required to meet any minimum volume requirements for Loan applications submitted to Pinnacle for approval. Pinnacle shall not be obligated to fund any Loans submitted by Broker, unless Broker receives written approval of the funding of a Loan from Pinnacle, which shall be at the sole discretion of Pinnacle.

2.03 Underwriting. Underwriting approval shall be at the sole discretion of Pinnacle. Pinnacle may determine and change its underwriting standards at any time, without prior notice, during the term of this Agreement.

2.04 Form of Documentation. All documents in connection with Loan submission packages and closing of Loans funded by Pinnacle shall be in a form and substance approved by Pinnacle.

Article III—Broker Compensation

3.01 Compensation. The compensation paid by Pinnacle to Broker pursuant to this Agreement shall comply in all respects with applicable federal and state law including, without limitation, the Truth in Lending Act and Regulation Z. Without limiting the foregoing, the compensation paid by Pinnacle to Broker in connection with a Loan shall not be based on a term, or a proxy for a term, as those terms are defined and understood by, and under, the Truth in Lending Act and Regulation Z. All compensation paid to Broker pursuant to this Agreement will be based on a predetermined, fixed percentage of the amount of credit extended, subject to Pinnacle's right to establish a minimum or maximum amount of compensation in connection with any Loan. Any compensation paid by Pinnacle to Broker shall be in consideration for the services performed by Broker, and shall be as described on rate sheets provided by Pinnacle to Broker from time to time. Pinnacle reserves the right to amend the compensation payable to Broker under this Agreement on a periodic basis. Any such amendment will be incorporated by

reference into this Agreement.

3.02 Disclosures. Broker acknowledges that it must provide all disclosures required by federal and state law with respect to Broker's compensation. Broker agrees that it will not accept from or give to any person, directly or indirectly, any commission, fee, or other thing of value other than as disclosed in accordance with and permitted by the Real Estate Settlement Procedures Act and applicable state law, and that the total compensation Broker receives on Loans covered by this Agreement, including any compensation received from a borrower, is for goods or services which Broker in fact rendered and does not exceed the fair market value of the goods and services actually provided and/or performed.

3.03 Taxes. Any compensation paid by Pinnacle to Broker under this Article III shall exclude all taxes and duties of any kind, if any, which either Party is required to pay with respect to the goods and services covered by this Agreement.

Article IV—Loan Purchase Requirements

4.01 Loan Purchase Requirements. Broker shall, within twenty (20) days of receipt of written notice from Pinnacle, purchase from Pinnacle (or the assignee of Pinnacle), at a price calculated pursuant to Section 4.06 below, any Loan:

- a. wherein there is evidence of fraud in the origination of the Loan or wherein any matter in the Loan file is not true and correct;
- b. that is not eligible for GNMA, FNMA or FHLMC (each, an "Agency") pool participation or whole loan purchase or purchase by a private or institutional investor, or, if Pinnacle has sold such Loan in whole or in part to an Agency or a private or institutional investor, and the Agency or the private or institutional investor requires Pinnacle to purchase said interest or reimburse it for losses, or a mortgage insurer denies coverage on the Loan;
- c. in which one or more of the first six (6) payments due Pinnacle related to any Loan becomes delinquent for thirty (30) days or more. Broker shall not have the right to advance funds for or on behalf of a borrower for any delinquent payment or to otherwise make funds available to any borrower to avoid or cure a default by the Borrower;
- d. wherein the first payment due Pinnacle, after close of escrow, is not received by Pinnacle within thirty (30) days of its due date. Broker shall not have the right to advance funds for or on behalf of a borrower for any delinquent payment or to otherwise make funds available to any borrower to avoid or cure a default by the borrower;
- e. in which Broker fails to observe or perform, or breaches in any material respect, any of the representations, warranties or agreements contained in this Agreement; or,
- f. which Pinnacle is unable to sell, without sustaining a loss, within forty-five (45) days of funding.

4.02 Foreclosure of Real Property Security. It is agreed by the Parties that Broker's purchase obligation with respect to a Loan shall not be eliminated or discharged by the fact that the real property securing the Loan has been foreclosed upon and said real property has been acquired by Pinnacle or a third party.

4.03 Set Off. It is further agreed by the Parties that if Pinnacle has made demand on Broker to purchase a Loan pursuant to the terms of this Agreement, Pinnacle shall have the right to withhold any monies otherwise due Broker in connection with the Loan(s) subject to the purchase obligation or any other Loans until the Parties have agreed that the purchase obligation is satisfied.

4.04 Borrower Rescission. With respect to each loan application submitted to Pinnacle under this Agreement, Broker agrees that if the Loan is rescinded pursuant to the Truth in Lending Act and/or any other law, Broker will immediately pay to Pinnacle, on demand, all monies collected from the borrower prior to closing, so that Pinnacle may return said monies to the borrower.

4.05 Wire Transfer. Any purchase shall be accomplished by wire transfer from Broker to Pinnacle of immediately available funds in an amount equal to the Purchase Price as set forth herein. Upon receipt by Pinnacle of Broker's funds for the purchase, Pinnacle shall release to Broker the related Loan file and shall execute and deliver to Broker such instruments of transfer or assignment, in each case without recourse, as shall be necessary to vest in Broker, or its designee, title to such purchased Loan(s). Broker shall assume the cost of recordation of assignments and any and all costs of transfer of any purchased Loan.

4.06 Purchase Price. The price to be paid by Broker ("Purchase Price") to Pinnacle (or the assignee of Pinnacle) for Loans subject to purchase pursuant to this Agreement shall be:

a. the unpaid principal balance of such Loan if it has been pooled or sold. If such Loan has not been pooled or sold by Pinnacle, the Purchase Price shall be at the original face amount of the Loan, less principal reduction since the original funding of the Loan by Pinnacle; plus,

b. 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 purchase is made; plus,

c. all expenses, including but not limited to reasonable fees and expenses of counsel incurred by Pinnacle in enforcing Broker's obligation to purchase such Loan; plus,

d. all fees, commissions and yield spread premiums paid by Pinnacle with respect to such Loan; plus,

e. all fees, interest, charges and expenses incurred by Pinnacle in connection with the warehousing of the Loan, plus

f. any un-reimbursed advances made by Pinnacle with respect to such Loan, including but not limited to payments authorized by the Loan documents or law to protect the security interest; plus,

g. Any un-reimbursed advances of taxes or insurance made by Pinnacle with regard to such Loan as of the date of purchase; less

h. Any proceeds of mortgage insurance with respect to the Loan collected by Pinnacle.

Article V—General

5.01 Assignment. Pinnacle has entered into this Agreement with Broker in reliance on the specific qualifications of Broker to provide the services contemplated hereunder; therefore, Broker may not assign or delegate this Agreement or any of its rights or obligations hereunder, whether by operation of law or otherwise, without the prior written consent of Pinnacle, which consent may be withheld in Pinnacle's sole and arbitrary discretion, and subject to the requirement that Broker enter into a written contract that limits any such person's use and disclosure of Pinnacle's Confidential Information, including any Borrower Information, as defined in Section 5.02(a) of this Agreement. Pinnacle, in its sole and arbitrary discretion, may assign its rights and benefits hereunder, and delegate its duties and obligations hereunder.

5.02 Confidential Information.

a. "Confidential Information" shall mean and refer to all written information provided by Pinnacle to Broker in connection with Pinnacle's loan programs, including policies, guidelines, credit criteria, Proprietary Documents as defined in Section 5.03(b), business practices, plans or proposals, all information provided by Pinnacle to Broker regarding a borrower's transactions which are the subject of this Agreement and Borrower Information. "Borrower Information" shall mean and refer to any record containing non-public personal information as defined by federal law, including, but not limited to, the Gramm-Leach-Bliley Act, as it may be amended, any regulations promulgated thereunder, and any other information protected by applicable state law pertaining to a borrower, regardless of the form in which it is handled or maintained, and includes, without limitation, bank and credit card account numbers, income and credit information and social security numbers. Confidential Information shall not include any information that: (i) enters the public domain other than as a result of disclosure by Broker; (ii) with the exception of Borrower Information, is known by Broker at the time it is disclosed by Pinnacle, as shown by Broker's records; (iii) with the exception of Borrower Information, is independently developed by Broker at any time, as shown by Broker's records; or (iv) is rightfully obtained by Broker from an independent third party who does not have an obligation of confidentiality to Pinnacle.

b. All Confidential Information shall be held in the strictest confidence and will not be disclosed by Broker or its directors, officers, employees, affiliates, agents, advisors, or representatives (collectively, "Representatives"), except as specifically permitted by the terms hereof. Broker and its Representatives will use Confidential Information solely for the purpose of this Agreement, will not use Confidential Information for any other purpose, and will not disclose or communicate Confidential Information in any manner whatsoever, directly or indirectly, to any third party without the prior written consent of Pinnacle, unless disclosure is expressly permitted under Section 5.02(d). Broker further agrees that Confidential Information will be disclosed only to such of its Representatives who need to examine such Confidential Information for the purposes described in this Section 5.02. Before being provided with any Confidential Information, each such Representative shall be informed by Broker of the confidential nature of the Confidential Information and the terms of this Agreement, shall be directed by the Broker to treat the Confidential Information confidentially, and shall agree to abide by each provision of this Agreement. Broker shall in any event be responsible for, and agrees to indemnify and hold Pinnacle harmless from and against any and all liability arising out of any breach of this Section 5.02 by Broker or any of Broker's Representatives.

c. Broker shall take all necessary precautions to keep confidential all Confidential Information and shall take all necessary precautions to ensure observation of this Agreement by

its Representatives. All Confidential Information shall remain the exclusive property of Pinnacle. Upon request by Pinnacle, Broker shall promptly surrender to Pinnacle any and all Confidential Information in Broker's possession or under Broker's control, and shall surrender all Confidential Information to Pinnacle promptly and without request upon termination of the Agreement. Neither Broker nor its Representatives shall retain any copies of Confidential Information, subject, however, to any requirement under applicable law that Broker retain copies of Borrower Information, including copies of Proprietary Documents completed with Borrower Information.

d. Until Pinnacle has approved a Loan and the borrower has accepted the offer of credit, Broker can disclose Borrower Information to third parties as permitted by borrower. In the event that Broker or any of its Representatives is requested or required (by oral question, interrogatories, requests for information or documents, subpoenas, civil investigation, governmental requirements, or similar process) to disclose any Confidential Information, Broker will provide Pinnacle with prompt notice of such requests so that Pinnacle may seek an appropriate protective order, or if appropriate, waive compliance with the provisions of this section. Broker represents and warrants that it will use its best efforts to obtain or assist Pinnacle in obtaining any such protective order. Broker may disclose Borrower Information relating to a Loan if requested or required by Broker's regulatory authority without complying with the notification provisions of this Section 5.02(d).

e. Broker agrees to develop, implement, and maintain a comprehensive information security program which contains administrative, technical and physical safeguards appropriate to the size and complexity of Broker's business and the sensitivity of any Borrower Information. Such safeguards shall be adequate to ensure the security and confidentiality of Borrower Information, to protect against any anticipated threats or hazards to the security of such information and to protect against the unauthorized access to or use of Borrower Information which could result in substantial harm or inconvenience to any borrower. Broker further agrees that such Borrower Information will be used only for the limited purpose(s) for which it has been disclosed, and for no other purpose.

f. Broker acknowledges that a breach of this Section 5.02 may result in continuing and irreparable damages to Pinnacle for which there may be no adequate remedy at law. Notwithstanding anything to the contrary contained elsewhere herein, Broker hereby grants Pinnacle the right to appear at any time in any court of law and to obtain an order against Broker and/or its Representatives enjoining and/or restraining Broker and/or its Representatives from using and/or disclosing Confidential Information.

5.03 Publicity and Proprietary Documents.

a. Broker may not refer to, use, display, nor permit the use or display of, the name of Pinnacle, or any derivations thereof, or any signs, symbols, trademarks, service marks, slogans, or logos owned, licensed, or used by Pinnacle or its affiliates or in any way associated with the name of Pinnacle or its affiliates directly or indirectly, including without limitation in any advertising or promotional materials, print media, press release, electronic media, web page advertising, or internet advertising without the prior written consent of Pinnacle, which consent may be withheld in Pinnacle's sole and arbitrary discretion.

b. Broker will use any forms, agreements, or documents created or prepared by Pinnacle and provided to Broker (the "Proprietary Documents") solely for the purpose of this Agreement and will not use or permit the use of Proprietary Documents by any of its Representatives for any other purpose. Broker may not reproduce or enter any Proprietary Document into any

computerized or electronic database or system without the prior written consent of Pinnacle, which consent may be withheld in Pinnacle's sole and arbitrary discretion. Broker will immediately return to Pinnacle any and all unused Proprietary Documents, including all copies thereof, upon termination of this Agreement.

5.04 Independent Contractor. The Parties are independent contractors. Nothing in this Agreement or in the activities contemplated by the Parties hereunder shall be deemed to create any agency, partnership, employment, or joint venture relationship between the Parties. Neither Broker nor any of its Representatives shall represent that they are agents or employees of Pinnacle or its affiliates. The relationship between the Parties is strictly contractual and shall not be construed as a joint venture partnership or other business enterprise between the Parties. At all times the Parties are independent and Broker has no authority to represent itself or hold itself out as an agent of Pinnacle.

5.05 Early Pay-offs. In the event a Loan is paid in full within one hundred and eighty (180) days of the closing of such Loan, Broker shall promptly return to Pinnacle, upon Pinnacle's request, all compensation paid to Broker in connection with said Loan, including, but not necessarily limited to, all commissions, points, yield spread premiums and broker rebates. Broker's obligation to refund all compensation paid to Broker by Pinnacle pursuant to this Section shall survive the termination of the Agreement.

5.06 Brokerage Fees. Broker acknowledges that at all times fees charged a borrower shall be fair and reasonable. Broker agrees to comply with any and all laws or regulations concerning fees and costs charged by mortgage brokers and to conform to all applicable laws and regulations relating to disclosure of fees and costs charged by mortgage brokers. At Pinnacle's request Broker shall provide a copy of any fee agreement entered into between Broker and a borrower.

5.07 Government Loans. As to each loan application package delivered by Broker to Pinnacle for a Loan intended to be insured by the Federal Housing Administration (FHA) or guaranteed by the Department of Veteran Affairs (VA), Broker represents and warrants that:

a. Broker has fully complied with all requirements, standards and guidelines under applicable FHA and VA regulations, as amended from time to time, pertaining to loan origination; and,

b. Broker has taken no action or failed to take any action, the effect of which would prevent Pinnacle from obtaining FHA insurance or VA loan guaranty or which at any time would invalidate, in whole or part, the FHA insurance or VA loan guaranty, on any submitted FHA or VA loan application which is subsequently approved, closed and funded by Pinnacle.

Article VI—Termination

Either Party may terminate this Agreement upon ten (10) days written notice to the other, with or without cause. Pinnacle shall pay for goods and services provided, performed, and accepted prior to the termination date and Broker shall provide and perform goods and services on Loans approved by Pinnacle prior to the effective date of termination. Broker agrees to safeguard, remove, and deliver to Pinnacle all property including all Confidential Information belonging to Pinnacle in Broker's possession at the time this Agreement is terminated.

Article VII—Binding Arbitration

Any dispute, claim or controversy (collectively a "Dispute") by and between the Parties, including but not limited to any Dispute arising out of or relating to this Agreement or the breach, termination, enforcement, interpretation or validity thereof, including the determination of the scope or applicability of this agreement to arbitrate, shall be determined by binding arbitration in the City of Roseville and County of Placer, California, before a sole arbitrator in accordance with the laws of the State of California for agreements made in and to be performed in the State of California. The arbitration shall be administered by JAMS pursuant to its Comprehensive Arbitration Rules and Procedures. Judgment on the Award may be entered in any court having jurisdiction. The arbitrator may, in the Award, allocate all or part of the costs of the arbitration, including the fees of the arbitrator and, to the extent permitted by the provisions of Section 8.15 of this Agreement, the reasonable attorneys' fees of the prevailing Party. The provisions of this Article VII may be enforced by any court having jurisdiction and the Party seeking enforcement shall be entitled to an award of all costs, fees and expenses, including reasonable attorneys' fees, to be paid by the Party against whom enforcement is ordered.

Article VIII—Miscellaneous Provisions

8.01 Time is of the Essence. It is expressly agreed by the Parties hereto that time is of the essence with respect to this Agreement including, but not limited to, any provisions for the delivery of goods and services and of any notice allowed or required herein.

8.02 Section Headings. Article and section headings are included for convenience only and are not to be used to construe or interpret this Agreement.

8.03 No Waiver. No delay, failure, or waiver of Pinnacle's exercise or partial exercise of any right or remedy under this Agreement shall operate to limit, impair, preclude, cancel, waive, or otherwise affect such right or remedy.

8.04 Survival. The covenants, agreements, representations and warranties made herein shall survive the termination of this Agreement.

8.05 Severability. If any provision of this Agreement is held invalid, illegal, or unenforceable, the validity, legality, or enforceability of the remaining provisions shall in no way be affected or impaired thereby.

8.06 Counterparts. This Agreement may be executed in counterparts, each of which shall constitute an original, but all of which together shall constitute one and the same instrument. The Parties agree that a signed copy of this Agreement transmitted by one Party to the other by facsimile transmission shall be binding upon the sending Party to the same extent as a signed original of this Agreement.

8.07 Notices. All notices permitted or required to be delivered hereunder shall be in writing and shall be deemed to have been properly given: a) seventy-two (72) hours after being sent by certified mail, return receipt requested; b) forty-eight (48) hours after being sent by national overnight courier; c) on delivery, if personal delivery to the named individual addressees; or, d) if sent by facsimile, on receipt if receipt was orally confirmed by the recipient. All such notices permitted or required to be delivered hereunder shall be addressed as follows:

If to Broker:

If to Pinnacle:

Pinnacle Capital Mortgage Corp.

Attn: Licensing

3010 Lava Ridge Ct. #220

Roseville, CA 95661

Either Party may change the address to which notices are to be given to that Party, by a notice properly given in accordance with this Section 8.07.

8.08 Remedies. The remedies set forth in this Agreement are not exclusive. Election of one remedy shall not preclude the use of other remedies and a Party may seek any remedy generally available at law or in equity.

8.09 Third Party Beneficiaries. This Agreement has been made by, and is solely made for the benefit of the Parties. Except as otherwise specifically provided herein, nothing expressed or implied in this Agreement is intended, or shall be construed, to confer upon or give any person or entity, other than Broker and Pinnacle, and its assigns, any rights or remedies under or by reason of this Agreement.

8.10 Governing Law. This Agreement shall be governed by and construed under the laws of the State of California, without regard to its conflicts of laws principles.

8.11 Integration. This Agreement contains the final and entire agreement of the Parties and all other agreements whether oral or written made with respect to the subject matter and the transactions contemplated by this Agreement shall have no force or effect. No amendments, supplements or waivers of any provision of this Agreement shall be valid, other than with respect to compensation and rate sheets as provided in Article III, unless by an instrument in writing, signed by authorized representatives of both Parties.

8.12 Offset. Amounts past due and owing by Broker to Pinnacle under this Agreement may, at Pinnacle's option and in its sole discretion, be offset by Pinnacle against any payments or other indebtedness then or thereafter owed by Pinnacle to Broker.

8.13 Interpretation. Any ambiguities in this Agreement will not be strictly construed against the drafter of the language concerned but will be resolved by applying the most

reasonable interpretation under the circumstances, giving full consideration to the intentions of the Parties at the time of contracting. This Agreement will not be construed against any Party by reason of its preparation.

8.14 Further Assurances. The Parties shall execute and deliver any and all additional papers, documents and other assurances and shall do any and all acts and things reasonably necessary in connection with the performance of their respective obligations hereunder to carry out the intent of this Agreement.

8.15 Attorneys fees. In the event that an arbitration is initiated by either Party to enforce the terms of this Agreement, the prevailing Party on a claim based in contract shall be entitled to reasonable attorneys' fees incurred in connection with such contract claim.

8.16 Non-exclusive Relationship. The rights of Pinnacle and Broker under this Agreement are on a non-exclusive basis. Pinnacle and Broker shall be free to market their respective products and services to, and to contract with, other Parties and customers as each deems appropriate. Pinnacle is under no obligation under this Agreement to approve or fund any loans or loan applications submitted by Broker, nor is Broker under any obligation to submit loans for approval and funding by Pinnacle.

8.17 Modification. Pinnacle may amend this Agreement by addendum. Any such amendment shall become a part of this Agreement ten (10) days after notice thereof is given in accordance with Section 8.07 above.

Entered into at Roseville, California

BROKER

By _____

Date _____

Name _____

Title _____

Pinnacle Capital Mortgage Corporation

By _____

Date _____

Ty Rothenberger

VP Licensing, Wholesale Approvals