



Broker to Broker Agreement

This Agreement is dated as of _____, _____, 20____ between **Hanover Mortgage Company**, a California corporation, Department of Real Estate Broker's License No. 01410448, on behalf of itself, located at 2522 Chambers Road, Tustin, CA 92780 (hereinafter known as ("**HMC**") and _____, Department of Real Estate Broker's License Number _____, located at _____ (hereinafter known as ("**BROKER**").

This Agreement arose because:

- A. BROKER and HMC are mortgage brokers that are and will remain licensed as such by the California Department of Real Estate.
- B. BROKER originates a wide variety of mortgage applications. It desires from time to time to submit mortgage applications (the "Applications") from loan applicants ("Applicants") to HMC for its consideration.
- C. The purpose of this Agreement is to serve as a master agreement governing all Applications BROKER submits to HMC.

NOW, THEREFORE, the parties agree as follows:

1. **Non-Exclusive Arrangement**. BROKER may submit and HMC will consider Applications for mortgage loans. BROKER shall have no obligation to submit Applications on an exclusive basis, but shall not submit any Application concurrently to more than one mortgage company. Likewise, HMC shall be free to obtain Applications from other sources. HMC shall, from time-to-time, supply BROKER with rate sheets and underwriting criteria to assist BROKER in selecting Applications that are likely to qualify for loans arranged by HMC.
2. **Contents of Applications**. Applications shall consist at a minimum of a completed loan application, credit report and property comparables. It shall be BROKER'S duty to perform due diligence on all information submitted. BROKER shall be solely responsible for all costs of its origination effort and the charges it incurs for credit report, loan officer compensation, marketing and other costs.
3. **Compliance with RESPA**. HMC and BROKER shall each provide in their disclosures an estimated disclosure of fees anticipated by each broker. In addition, each submittal to HMC shall constitute a representation and warranty that BROKER has performed sufficient services to qualify for compensation under the safe harbor provisions of the Real Estate Settlement Procedures Act and Regulation X contained in the Statement of Policy 1999-1 Regarding Lender Payments to Mortgage Brokers, Federal Register Docket No. FR-4450-N-01 and Statement of Policy 2001-1 Clarification of Policy 1999-1 Regarding Lender Payments to Mortgage Brokers, Federal Register Docket No. FR 7414-N-01, including taking the application and providing at least five out of the other thirteen qualifying service categories:
 - A. Initiating/ordering VOE's (verification of employment) and VOD's (verifications of deposits)
 - B. Initiating/ordering requests for mortgage and other loan verifications
 - C. Initiating/ordering appraisals

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- D. Initiating/ordering inspections or engineering reports
 - E. Providing disclosures (truth-in-lending, good faith estimate, others) to the Borrower
 - F. Ordering legal documents
 - G. Determining whether the property was located in a flood zone or ordering such service
 - H. Analyzing the Applicant's income and debt and pre-qualifying the Applicant to determine the maximum mortgage that the prospective Borrower can afford
 - I. Educating the Applicant in the home-buying and financing process, advising the Applicant about the different types of loan products available, and demonstrating how closing costs and monthly payments would vary under each product
 - J. Collecting financial information (tax returns, bank statements) and other related documents that are part of the application process
 - K. Assisting the Applicant in underwriting and clearing credit problems
 - L. Maintaining regular contact with the Applicant, Realtors® and Lender between application and closing to apprise them of the status of the application and to gather any additional information as needed
 - M. Participating in the loan closing
4. **Compensation.** Contingent upon the closing of a loan on the submitted Application and the disbursement to HMC of its compensation in the transaction, HMC shall pay BROKER for individually negotiated fee for its services. The payment shall be paid directly from the loan escrow when feasible or if not, within 72 hours of HMC's receipt of such compensation. HMC shall have the absolute discretion as to the compensation to be charged on all loans it submits to lenders. If HMC, in its absolute discretion, allows a borrower to rescind a loan after it is funded, the parties shall return their compensation to the extent necessary to accomplish the rescission.
5. **Indemnification.**
- (a) **By HMC.** HMC shall indemnify and hold BROKER and its agent harmless from any and all demands, costs, judgments and claims of any kind (including attorneys fees and court costs) arising out of claims on an Application or resulting Loan arising from the acts or omissions of HMC or its personnel or agents after the submission of an Application to HMC.
 - (b) **By BROKER.** BROKER shall indemnify and hold HMC and its agents harmless from any and all demands, costs, judgments and claims of any kind (including attorneys fees and court costs) arising out of claims on an Application or resulting Loan arising from the acts or omissions of BROKER or its personnel or agents before the submission of an Application to HMC.
6. **Compliance with Laws.** Both parties shall in all of their activities under this Agreement comply with the laws of the State of California and the United States. All activities shall be conducted in strict accordance with the California Real Estate Law applicable to real estate brokers. If either party's real estate broker's license ceases to be in good standing, that party shall immediately notify the other in writing.

7. **Arbitration Agreements with Applicants.** HMC shall require all Applicants to execute an arbitration agreement requiring the Applicant to arbitrate any and all claims the Applicant may have with HMC, the lender and any other broker in the transaction, including BROKER. If an Applicant initiates arbitration with HMC, BROKER stipulates to join in such arbitration if it is named in the claim or has a cross-claim against HMC.
8. **Arbitration of Disputes.** The parties agree that any dispute between them shall be decided by binding arbitration under the rules of the American Arbitration Association. The prevailing party shall be entitled to an award of its attorney and accounting fees from the losing party and arbitration costs. All hearings shall be in the County of Orange unless otherwise agreed or ordered by the arbitrator(s). Limited discovery shall be conducted in the discretion of the arbitrator(s).
9. **Status of Parties.** The parties are independent contractors not the partners, joint venturers or agents of the other. Neither party has any power to bind or to represent the other. HMC is not the agent of any Applicant.
10. **Confidentiality.** The name of the Applicant and Private Lender, the identity of the Application, and all information provided by one party to the other, shall be deemed confidential information, excepting only such information known to the public, or information previously obtained from non-confidential sources. Notwithstanding the above, a party may disclose confidential information to the party's legal counsel, officers and employees provided the party makes a reasonable good faith effort to protect against any unauthorized disclosure of the confidential information.
11. **Good Faith.** Both parties will act in the utmost good faith at all times and will deal honestly and fairly with each other so that each party may receive the reasonable benefits of this Agreement. Each party agrees to take such further action and to execute and deliver such further documents as may be necessary to carry out the purposes of this Agreement.
12. **Non-Circumvent.** BROKER shall not contact, solicit or do business with any of HMC's private lenders, employees and associates.
13. **Successors and Assigns.** This Agreement shall be binding upon and inure to the benefit of the heirs, successors and assigns of the parties.
14. **Enforceability.** This Agreement shall be interpreted and governed by the laws of the State of California. If any court should find any provision unenforceable, the remaining provisions shall remain in full force and effect to the fullest extent permitted by law.
15. **Interpretation.** This Agreement shall not be interpreted for or against other party by virtue of that party, or its attorney, having drafted this agreement.
16. **Assignment.** Neither party may assign this Agreement, or any payments or fees due, or delegate any duties without the written consent of the other party.
17. **Notices.** All notices shall be in writing and may be delivered by any lawful means to the address stated on the first page. Any notice to Lender shall include a copy addressed to: Hanover Mortgage Company, 14802 Hillsboro Place, Tustin, CA 92780
18. **Termination.** Either party may terminate this Agreement at any time with or without notice to the other party. Notwithstanding termination, the rights and duties of the parties under this Agreement shall remain in full force pending the conclusion of any Application then pending.

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19. **Waiver.** The waiver of any provision of this Agreement shall be invalid unless in writing signed by party making the waiver. The waiver of, or failure to enforce, any provision of this Agreement shall not be a waiver of any further breach of such provision or of any other provision. The waiver by either or both parties of the time for performing an act shall not be a waiver of the time for performing any other acts.

20. **Survival.** Except as otherwise expressly provided in this Agreement, all representations, warranties and covenants contained in, this Agreement shall survive the termination of this Agreement.

21. **Cooperation of Others.** Notwithstanding the restrictions of the paragraph 13, and upon the prior written approval of the other party, either party may solicit the cooperation of the others to facilitate an Application under the following conditions:

- A. The other cooperating person shall execute a copy of this Agreement;
- B. Any amounts owing or paid to the other cooperating person shall be paid from the fees otherwise owing to the party who solicited the other cooperating person;
- C. The party who solicits the other cooperating person shall defend and indemnify the other party against claims or losses arising out of or in any way related to the other cooperating person;
- D. A party's consent to use another cooperating person shall be deemed a one-time consent only; and
- E. The parties shall consider the other cooperating person the same as an Applicant for purposes of the non-circumvention and confidentiality.

22. **Faxing and Emails.** Hanover Mortgage Company has BROKER's permission to send faxes and/or emails to the BROKER, the BROKER's employees and affiliates, until such time the broker of record notifies HMC in writing.

23. **Miscellaneous.** This Agreement constitutes an integrated agreement between the parties and supersedes all previous agreements and negotiations. This Agreement may be executed in one or more counterpart or signature pages, each of which shall be deemed an original and together which shall comprise one instrument. A facsimile of this Agreement bearing the signature of a party shall have the same legal effect as an original.

The parties have executed this Agreement to be effective on the date first set forth above.

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| <p>BROKER:</p> <p>_____</p> <p>a _____,</p> <p>By _____</p> <p>Its: _____</p> <p>_____</p> <p>Signature</p> <p>Date _____</p> | <p>DO NOT WRITE IN THIS SPACE For Hanover Mortgage Company Use Only</p> | <p>HMC:</p> <p>HANOVER MORTGAGE COMPANY</p> <p>a California Corporation,</p> <p>By G. David Lapin</p> <p>Its President</p> <p>_____</p> <p>Signature</p> <p>Date _____</p> |
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