



BROKER AGREEMENT

This Broker Agreement ("Agreement") is entered by and between **Arc Home LLC** ("ARC HOME"), a limited liability company organized and existing under the laws of the State of Maryland, on behalf of itself and its successors, assigns subsidiaries, and _____ ("Broker") (individually a "Party" and collectively the "Parties"), on behalf of itself and its successors, assigns, subsidiaries and Affiliates, having its principal place of business located at _____, being organized and existing under the laws of _____ as a [check one]:

☐ Corporation ☐ Limited Liability Company ☐ Partnership ☐ Sole Proprietor

RECITALS

WHEREAS, Broker is in the business of soliciting, taking, and accepting mortgage loan applications from a prospective applicant or Borrower, pre-qualifying the Borrower, and submitting application and credit packages to lenders for the underwriting and funding of such mortgage loans; and

WHEREAS, Broker and ARC HOME desire to establish a non-exclusive relationship whereby Broker will, from time to time, act as a third-party originator by submitting such application and credit packages to ARC HOME which conform to the requirements of the ARC HOME Wholesale Program, as may be amended from time to time; and

WHEREAS, to transact business with each other, Broker and ARC HOME agree to be bound by this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants hereinafter set forth, and other consideration, the receipt and sufficiency of which are acknowledged herein, the Parties agree to the terms and conditions set forth in this Agreement.

1. DEFINITIONS

Except as set forth in this Agreement, all capitalized terms shall have their ordinary and customary meaning, unless the context requires otherwise:

1.1 **Affiliate** means: (a) with respect to any person who is a natural person, (i) each entity that such person controls and (ii) such person's spouse, siblings, and lineal and collateral ancestors and descendants by birth or adoption, as well as the siblings and lineal and collateral ancestors and descendants by birth or adoption of such person's spouse; and (b) with respect to any person that is an entity, (i) any person directly or indirectly controlling, controlled by, or under common control with such person; (ii) any person directly or indirectly owning or controlling five percent (5%) or more of the outstanding voting interests of such person; (iii) any employee, manager, officer, director, attorney, or agent of such person; and/or (iv) any employee, manager, officer, director, attorney, or agent of an Affiliate of such person. For purposes of this definition, the term "control," "controlling," "controlled by," or "under common control with" shall mean the possession, directly or indirectly (through one or more intermediaries), of the power to direct or cause the direction of the management and policies of a person, whether through the ownership of voting securities, by contract, or otherwise.

1.2 **Agency** means Fannie Mae, Freddie Mac, Ginnie Mae, Federal Housing Administration (FHA), Veterans Administration (VA), or United States Department of Agriculture/Rural Housing Division (USDA) or any similar federal or state agency, or their successor thereto, sponsoring any Loan Program, together with such Agency Guidelines applicable to such Loan Program, as may be amended from time to time.

1.3 **Applicable Law** means all federal, state, or local laws, regulations, rules and ordinances, as may be amended from time to time, governing the origination of mortgage loans as contemplated by this Agreement or otherwise applicable to Broker, including without limitation, the Bank Secrecy Act; the Dodd-Frank Wall Street Reform and Consumer Protection Act, including its prohibitions on unfair, deceptive, or abusive acts or practices



(UDAAP); the Equal Credit Opportunity Act (ECOA); the Home Mortgage Disclosure Act (HMDA) the Fair and Accurate Credit Transactions Act (FACTA); the Fair Credit Reporting Act (FCRA) including the Red Flag Rule; the Gramm-Leach Bliley Act (GLBA) and FTC Privacy Safeguards Rule; the Fair Housing Act; the Real Estate Settlement Procedures Act (RESPA); the Truth in Lending Act (TILA), including the anti-steering and loan officer compensation requirements; and the Appraisal Independence Rules (AIR), and any regulations promulgated by the Consumer Financial Protection Bureau (CFPB) to implement consumer financial laws governing mortgage loans (collectively, Applicable Law).

1.4 ARC HOME Guidelines means all policies, procedures, and requirements, as may be established, amended, restated, supplemented or otherwise modified from time to time by ARC HOME, in its sole discretion, relating to this Agreement including (as applicable): (i) the submission, underwriting, closing, and funding of Packages, mortgage loans, or home equity lines of credit (or draws related thereto) and (ii) loan originator compensation, each pursuant to this Agreement, including, without limitation, any guidelines and/or matrixes published or made available by ARC HOME including but not limited to the Arc NQM & Elite QM Underwriting Guide, the HomeEQ Underwriting Guide, the Submission Requirements, and any terms or conditions set forth in the description of the Loan Program, all of which are expressly incorporated herein and made a part of this Agreement (collectively, the ARC HOME Wholesale Program).

1.5 Borrower means any applicant or co-applicant for a mortgage loan or home equity line of credit.

1.6 Loan mean either (i) an individual first lien residential mortgage loan which is the subject of this Agreement, which Loan includes without limitation the Package and all other rights, benefits, proceeds, and obligations arising from or in connection with such Loan, or (ii) a second lien home equity line of credit.

1.7 TRID Application means the Borrower's submission to Broker of the information sufficient to complete an "application" as defined by Regulation Z, 12 CFR§1026.19 (a)(3)(ii) and ARC HOME Guidelines, in effect at the time of Borrower's submission of the TRID Application to Broker.

1.8 TRID Disclosures means the (i) Loan Estimate at 12 CFR §§ 1026.19(e) and 1026.37, with list of settlement providers and Closing Disclosure at 12 CFR §§ 1026.19(f) and 1026.38, as to each Loan Program as may be required by Applicable Law and ARC HOME Guidelines, in effect at the time the TRID Application is received by Broker.

2. SUBMISSION REQUIREMENTS/PACKAGES

Broker shall assemble and submit to ARC HOME per the Submission Requirements (set forth in Section 3.1 below as otherwise modified per the ARC HOME Guidelines) as established by ARC HOME from time to time such completed application and underwriting packages including but not limited to the submission of applications for home equity lines of credit through ARC HOME's portal (collectively the "Packages") for Agency or Non-Agency eligible quality mortgage loans, commercial mortgage loans, or home equity lines of credit offered by Arc Home. For Packages submitted to ARC HOME for commercial Loan Program, Broker shall only solicit applicants to apply for loans with solely a business purpose and shall not solicit applicants for any consumer purposes related to such Loans. At Broker's sole cost and expense, for all consumer purpose Loans (excluding home equity lines of credit) and commercial Loan Programs, Broker shall prepare or cause to be prepared, the Packages in compliance with this Agreement and the Submission Requirements, to include, among other things, the following:

2.1 Loan application information:

- (a) Submission Form identifying the desired Loan Program including rate and compensation information;
- (b) All TRID application data (for consumer purpose Loans), HMDA application data, and any further application data as required by the ARC HOME Guidelines;
- (c) A complete URLA, dated and signed by Borrower and Broker, as applicable; and



- (d) Identification of any third-party processor, if utilized, which, in each case, must be approved by ARC HOME.

2.2 Supporting credit information as required by the ARC HOME Guidelines.

2.3 Copy of all disclosures required by Applicable Law and ARC HOME Guidelines.

2.4 Such other and further information that ARC HOME may reasonably request from time to time.

For each home equity line of credit submitted by Broker, Broker shall submit the following information:

2.5 The Broker Acknowledgement Form available on ARC HOME's portal; and

2.6 An accepted Mortgage Loan Origination Agreement.

3. SERVICES BY THE PARTIES

Broker agrees to process and submit completed Packages to ARC HOME in compliance with this Agreement. Upon receipt and acceptance of a Package from Broker, ARC HOME agrees to underwrite and approve or deny such Package according to ARC HOME's underwriting criteria and ARC HOME Guidelines, applicable Agency or Non-Agency Guidelines, and Applicable Law.

- 3.1 **Submission Requirements.** Broker represents and warrants that for each Package submitted to ARC HOME for consumer purpose Loan (excluding home equity lines of credit) and business purpose Loans, Broker has and will have performed the Broker Services set forth below in compliance with Applicable Law and ARC HOME Guidelines:
- (a) Taking information from and filling out the application or Borrower worksheet; and performing at least five (5) of the Broker Services itemized in (b) through (m) below, including (n), if applicable
 - (b) Analyzing the Borrower's income and debt and pre-qualifying the borrowers to determine the maximum mortgage that the Borrower can afford to repay;
 - (c) Instructing the Borrower in the home buying process, advising about the different types of Loan Programs available, and demonstrating how closing costs and monthly payments could vary under each product, including the impact on loan terms or the presence or absence of a prepayment penalty, and documenting the same in the Borrower's loan file;
 - (d) Collecting financial information (tax returns, bank statements) and other related documents that are part of the application process;
 - (e) Initiating/ordering verifications of employment (VOE) and verifications of deposit (VOD);
 - (f) Initiating/ordering requests for mortgage and other loan verifications;
 - (g) Initiating/ordering appraisals (in accordance with the Appraisal Independence Rules (AIR) (when applicable) and ARC HOME's Guidelines;
 - (h) Initiating/ordering inspections or engineering reports;
 - (i) Assisting the Borrower in understanding and clearing credit problems, and documenting the same in the Borrower's loan file;
 - (j) Maintaining regular contact with the Borrower and lender, between application and closing, to apprise them of the status of the application and gather any additional information as needed, and documenting the same in the Borrower's loan file;
 - (k) Ordering legal documents;



- (l) Providing all disclosures to the Borrower as required by Applicable Law, including content and timing requirements, including without limitation the disclosures in Section 2 above;
- (m) Taking all necessary steps to ensure that ARC HOME is in a position to timely and accurately re-disclose such Loan Estimates or Closing Disclosure, as the case may be, for any change requested by Borrower or other applicable change in circumstance when Broker receives, or is otherwise involved with, receipt of information related to any requested change; and
- (n) Documenting that the Borrower will receive a Tangible Net Benefit, if required by Applicable Law.

For all home equity lines of credit submitted to ARC HOME, Broker has and/or will have performed the following Broker Services set forth below in compliance with Applicable Law and ARC HOME Guidelines:

- (a) Assisted the prospective Borrower in fully completing a residential mortgage loan application and provided or requested issuance of all required initial/ application state and federal disclosures;
- (b) Analyzed the Borrower's income and debt (based on documentation provided by the Borrower and the credit report) and determined the maximum home equity line of credit that the prospective Borrower could likely afford/obtain;
- (c) Educated the prospective Borrower in the financing process and advised the prospective Borrower about the different types of Loan Programs available, and demonstrated how closing costs and monthly payments could vary under each product;
- (d) Assisted the prospective Borrower in understanding potential problems associated with the history which may be reflected on their credit report; and
- (e) Maintained regular contact with the Borrower and ARC HOME between application and closing, to apprise them of the status of the application and gathering any additional information as needed.

3.2 Approval or Rejection of Packages.

- (a) Subsequent to Broker's submission of a completed Package in accordance with the provisions of this Agreement, Arc shall consider whether to approve or reject the Package in its sole and absolute discretion.
- (b) ARC HOME shall not be under any obligation to approve any Package or any minimum number of Packages (or originate any Loan related thereto) at all. ARC HOME shall have the right, but not the obligation, to underwrite any Package. The exercise of this right by ARC HOME shall not affect in any way Broker's obligations hereunder, including, without limitation, Broker's indemnification obligations under this Agreement. ARC HOME shall use its commercially reasonable efforts to be responsive to Broker but is under no obligation to approve or reject any Package within a prescribed period of time.
- (c) If Broker fails to submit a complete Package, including all documentation requested or desired by ARC HOME, ARC HOME has the option, in ARC HOME's sole discretion, to (i) approve the Package based on the documentation provided, (ii) approve the Package subject to submission of additional documentation required prior to closing, (iii) request further information or documentation from Broker, or (iv) reject the Package.
- (d) Broker acknowledges that Packages that are suspended by ARC HOME will be denied after 30 days if Broker does not respond to the suspense conditions.



(e) Broker understands and acknowledges that, pursuant to Title 18, United States Code, Section 1014, it is a crime, punishable by fine, imprisonment or both, knowingly and willfully to falsify or conceal a material fact or make a false statement in a loan application.

3.3 **Standard.** Based on the desired loan program or loan product, all Packages submitted by Broker to ARC HOME shall fully comply with all representations and warranties, as may be required by the Agency Program or any applicable private investor program, and such other terms and conditions and other requirements as ARC HOME shall specify from time to time (collectively, "Loan Program").

3.4 **Assignment of Rights.** Upon the funding of a Loan by ARC HOME, Broker thereby assigns its rights, title, and interest in such Package to ARC HOME, and each Package becomes the property of ARC HOME upon submission; provided however, that Broker retains the right to receive compensation from ARC HOME.

3.5 **Underwriting.** All determinations to approve or deny any Package shall be made by ARC HOME, in its sole discretion.

3.6 **Loan Closing and Funding.** ARC HOME shall close and fund approved Packages in its own name with ARC HOME's funds.

3.7 **Adverse Action Notice.** If a Package is submitted to, but not approved by, ARC HOME (regardless of whether Broker has submitted the Package to another lender), Broker agrees to timely provide the Borrower an Adverse Action Notice on behalf of Broker and ARC HOME in accordance with Applicable Law. Broker shall also refund to the Borrower any advance fees collected by Broker and return any documents to Borrower, if required by Applicable Law. For the avoidance of doubt, Broker acknowledges its obligation herein and understands that ARC HOME will not provide an Adverse Action Notice to Borrower. For the avoidance of doubt, while ARC HOME may make available an Adverse Action Notice in the ARC HOME portal, Broker's obligations in this subsection to provide ongoing disclosures are continuing in nature and require the Broker to provide a supplemental disclosure if and when new or different information becomes available.

Notwithstanding the foregoing, for Home Equity Lines of Credit, in the event a Package submitted to ARC HOME is not approved, ARC HOME agrees to timely provide, or make available to, the Borrower an Adverse Action Notice on behalf of the Broker and ARC HOME in accordance with Applicable Law.

3.8 **Costs and Expenses.** Broker shall be solely responsible for all costs and expenses associated with the assembly, submission, and delivery of each Package to ARC HOME, including any other documents required by ARC HOME for each Package.

3.9 **Compensation.** Any compensation paid to Broker for providing Broker Services shall be paid pursuant to the Broker Compensation Selection Form executed by Broker and in compliance with ARC HOME Guidelines and Applicable Law. For the avoidance of doubt, ARC HOME shall not pay any compensation to Broker that would violate Applicable Law including but not limited to state or federal restrictions on compensation notwithstanding the Broker Compensation Selection Form.

3.10 **Audits.** Broker acknowledges and agrees that ARC HOME, at its sole discretion, may conduct audits virtually or onsite at any Broker office or otherwise to (i) monitor quality control and compliance with this Agreement or (ii) to reverify any information, documentation, or data (including appraisal data) in any Package submitted by Broker, whether before or after funding. Any such audit shall not relieve Mortgage



Broker of any duty or obligation hereunder. Broker agrees that ARC HOME may disclose its findings or conclusions to any relevant person, including any investor, Agency, regulatory agency, or law enforcement, and Broker hereby releases ARC HOME, its shareholders, officers, directors, employees, and affiliates from any liability, and waives all claims or causes of action arising from any such disclosure. Further, Broker shall provide documentation of Broker's third-party vendor relationships and Broker's third-party vendor management policies, procedures and documentation to Arc upon request. Arc reserves the right to require the discontinuation of any third-party vendor with respect to any Loans submitted to it for funding or approval.

3.11 **Continuing Cooperation**. Broker acknowledges that in consideration of ARC HOME underwriting any Package submitted by Broker and funding any approved Loan hereunder, ARC HOME is relying upon Broker's full and continuing cooperation, both before and after a Loan is or may be funded by ARC HOME. Broker agrees to fully and truthfully cooperate and assist ARC HOME by obtaining and providing such further information or documentation that ARC HOME deems necessary, including without limitation resolving any finding in connection with any Audits.

3.12 **No Solicitation**. Broker shall not solicit or encourage, directly or indirectly, the refinancing of a Loan submitted by Broker to ARC HOME during the Early Payoff period as defined in Section 6 below. However, a solicitation under this Section shall not mean (i) Broker advertising its availability for handling refinancing of mortgage loans in Broker's portfolio, including the promotion of terms it has available for such refinancing including general solicitations directed to Broker's database(s) or (ii) broad-based promotions or advertising effort(s) that are directed to the general public at large (including, without limitation, mass mailing based on commercially acquired mailing lists, newspaper, radio and television advertisements), provided that no such promotions are targeted to Borrowers of Loans presented to ARC HOME.

4. REPRESENTATIONS AND WARRANTIES

As a material inducement to ARC HOME to enter into this Agreement and to consummate the transactions contemplated herein, Broker makes the following representations and warranties as of the effective date of this Agreement and each time a Package is submitted to ARC HOME:

4.1 **Organization and Good Standing**. Broker is duly organized and in good standing in the state of its formation.

4.2 **Authorization**. Broker has the requisite authority and capacity to enter into this Agreement and to perform the obligations required hereunder in compliance with the terms herein and Applicable Law.

4.3 **Affiliates**. Broker has disclosed any and all of Broker's Affiliates to ARC HOME and Broker shall promptly disclose any changes in Broker's Affiliates to ARC HOME. Broker acknowledges and agrees to: (i) immediately notify ARC HOME of any affiliated settlement service providers and (ii) identify all fees paid to affiliated settlement service providers on all Packages and closing documents. Broker understands and acknowledges that it must receive prior written approval from ARC HOME and complete a separate certification document, which will be provided by ARC HOME to Broker upon request, prior to utilizing any affiliated settlement service providers. To be approved, Broker understands that additional financial and disclosure requirements may be required. ARC HOME maintains the right to change from time to time, the additional requirements for approval to use affiliated settlement service providers in connection with their Loans. Broker must notify ARC HOME of all affiliated settlement service providers irrespective of



whether Broker plans on using its affiliated settlement service providers. Broker must provide ARC HOME with such notice, by way of ARC HOME certification document, before: (a) Broker closes any Loan that involves the use of any affiliated settlement service provider; or (b) within 10 days of any changes or additions made to the Broker's affiliated settlement service providers, whichever is sooner. Broker acknowledges and agrees that failure to comply with Section 4.3 constitutes an event of default under this Agreement.

- 4.4 **Licensing/Qualification.** Broker and each of its employees or agents is, as applicable, (i) duly licensed or approved to act as a mortgage loan originator and conduct all activities contemplated by this Agreement in each applicable jurisdiction for which it submits a Package and (ii) duly qualified or authorized to do business (in good standing) in or with each applicable jurisdiction or Agency. To the extent required by applicable federal and/or state laws, rules, and/or regulations, Broker and Broker's agents have and will maintain an NMLS Registration and all qualifications and licenses necessary to act as a mortgage loan originator, as defined under the SAFE Act, and to undertake the transactions contemplated by this Agreement. Notwithstanding the foregoing, Broker shall not be required to maintain licensure to the extent such federal and/or state laws do not require Broker to be licensed including but not limited to laws related to submitting business purpose Loans to ARC HOME.
- 4.5 **No Conflict.** The execution of this Agreement and the consummation of the transactions contemplated herein are in Broker's ordinary course of business and shall not violate, conflict, or cause a default under (i) any term or provision in any organizational or formation documents, bylaws, or operating agreement of Broker; (ii) or any other agreement, law, rule, regulation, order or judgment to which Broker or Broker's property may be a party to or governed by.
- 4.6 **Pending Actions.** Except as identified by Broker in ARC HOME's broker application portal, there is no legal, regulatory, governmental or administrative action, suit, claim, investigation or complaint now pending, as against Broker or Broker's principals and/or Affiliates.
- 4.7 **Financial Information.** Broker shall immediately furnish such financial statements, income statements, tax returns or other financial data, as may be requested by ARC HOME during the term of this Agreement. Broker authorizes ARC HOME to obtain a business credit report with respect to Broker upon mutual execution of this agreement. ARC HOME may update such business credit report at annual re-certification of Broker's approval with Arc or from time to time in ARC HOME's sole discretion.
- 4.8 **Insurance.** Broker has and shall continuously maintain an errors and omissions insurance policy, blanket fidelity bond, or general liability insurance policy coverage such minimum coverage requirements as would be deemed acceptable by the applicable regulatory agency in each applicable jurisdiction.
- 4.9 **Compliance with Applicable Law.** Broker shall conduct all activities contemplated by this Agreement in compliance with ARC HOME Guidelines and Applicable Law. As to each Package submitted to ARC HOME, Broker further represents and warrants:
- (a) That all information contained in each Package is true, accurate and complete;
 - (b) That Broker processed/submitted each Package in accordance with this Agreement;
 - (c) That each Package is in compliance with Agency Guidelines, if an Agency program, and other such requirements as ARC HOME may require as to any Loan Program, including but not limited to ARC HOME's Guidelines, policies, and procedures related to the submission of applications for home equity lines of credit;



- (d) That all disclosures provided, or that were requested to be issued, to Borrower by Broker, were (i) true, accurate, and complete; and (ii) timely provided in compliance with Applicable Law;
 - (e) That as to each Loan Estimate provided to Borrower (excluding business purpose Loans and home equity lines of credit):
 - a. That a copy of each Loan Estimate provided to Borrower is included in the Package;
 - b. That the fees, charges, terms, and service providers listed on each Loan Estimate, is in compliance with ARC HOME Guidelines and Applicable Law, including fee tolerance levels;
 - c. That the Broker did not charge or collect from Borrower (or any other person) any fee or amount except as disclosed in the Package or as otherwise permitted by Applicable Law.
- 4.10 **Compliance with ARC HOME Guidelines.** Broker understands and agrees that Broker shall, at the time of submission and at all times following the execution of this Agreement, comply with the ARC HOME Guidelines. In the event of a conflict between this Agreement and the ARC HOME Guidelines, the ARC HOME Guidelines shall control.
- 4.11 **Fair Lending.** Broker acknowledges that ARC HOME is an Equal Housing Opportunity Lender and that ARC HOME is committed to treating all Borrowers in a fair and consistent manner and without regard to race, color, religion, national origin, age (provided the Borrower has legal capacity to enter into a binding contract), sex, marital status, disability, familial status, receipt of public assistance, or the exercise of legal rights under the federal Consumer Credit Protection Act (15 U.S.C. §§ 1601 et seq.). Broker represents it is likewise committed to fair lending compliance and warrants that Broker shall not discriminate against any person on any prohibited basis under Applicable Law, including the Fair Housing Act, ECOA, and the anti-steering requirements in TILA, or similar state or local law.
- 4.12 **AML Program.** Broker has established and shall maintain a written Anti-Money Laundering Program, approved by Broker's senior management, to implement the "Anti-Money Laundering (AML) Program and Suspicious Activity Report (SAR) Filing Requirements for Residential Mortgage Lenders and Originators" to implement the Bank Secrecy Act, including the Red Flags Rule to detect, prevent, and mitigate Identity Theft, as required by the Department of Treasury Financial Crimes Enforcement Network ("FinCEN"), 31 CFR Parts 1010 and 1029. Such AML Program shall include policies, procedures and internal controls as to each of the following: (i) SAR Reporting; (ii) designation of an AML compliance officer responsible for implementing and monitoring the AML Program; (iii) ongoing training; and (iv) independent testing.
- 4.13 **No Misrepresentation.** Broker shall not make any misrepresentation or any misstatement of any fact, whether by act, statement, concealment or omission, in connection with any Package submitted to ARC HOME hereunder or in connection with any information furnished or provided to ARC HOME in anticipation, performance, or furtherance of this Agreement.
- 4.14 **Continuing Representation and Warranties.** The representations and warranties made by Broker in this Agreement are continuing in nature and Broker agrees to promptly provide a supplemental disclosure correcting any previously provided disclosure that becomes untrue, inaccurate, or incomplete.
- 4.15 **Exclusivity.** If Broker submits a Package to ARC HOME, Broker will not submit an application for a loan to be secured by the same intended mortgaged property, including home equity lines of credit applications, to any lender other than ARC HOME until the earlier of (i) the date ARC HOME declines the Package, or (ii) seventy-five (75) days after the date of such submission.



5. SUBMISSION OF FALSE OR FRAUDULENT INFORMATION

- 5.1 **No Advance of Funds.** Broker shall not, under any circumstances, advance funds for or on behalf of Borrower for any payment or to otherwise make funds available to Borrower for any reason including to avoid or cure default.
- 5.2 **Omission, False or Inaccurate Information.** Broker acknowledges that ARC HOME will rely on Broker to submit Packages in full compliance with ARC HOME Guidelines, Agency Guidelines (as applicable), and Applicable Law, as the same may evolve from time to time. In the event that ARC HOME discovers that (i) Broker submitted a Package to ARC HOME which (x) was incomplete or omitted information or (y) included information that was or is false, fraudulent, or noncompliant with this Agreement and (ii) Broker knew or should have known, in the exercise of reasonable diligence, of such omission, falsity, fraud, or noncompliance or (iii) if any representation or warranty made by Broker in this Agreement is or was untrue, then Broker shall pay a penalty to ARC HOME as set forth in Section 5.3 below. For purposes of this section, the term “information” shall mean all information obtained from any Borrower or any other verification or source that is within the scope, control or knowledge of Broker, including any appraisal-related information.
- 5.3 **Penalty and Recapture.** In addition to all other rights and remedies under this Agreement, for Broker’s violation of Section 5.2, ARC HOME shall have the absolute right to send written notice to Broker and cause Broker to pay an amount equal to the amount of compensation that ARC HOME paid to Broker in connection with such Loan. All sums due by Broker shall be paid within (10) days of ARC HOME’s written notification to Broker demanding payment of such sums.

6. **EARLY PAYOFF.** Except with respect to a home equity line of credit, if any Package submitted by Broker and funded by ARC HOME is paid in full on or prior to the one hundred eightieth (180th) calendar day following the funding date (an “Early Payoff”), whether due to refinancing, prepayment or any other reason, then Broker shall, in ARC HOME’s sole discretion with due consideration to Broker’s long term performance with ARC HOME, within thirty (30) days after receiving an invoice from ARC HOME, reimburse ARC HOME, (i) an amount that equals compensation paid by ARC HOME to the Broker at the time of the Loan funding, or (ii) if ARC HOME did not pay Broker compensation for such Loan and if such Early Payoff is due to Broker’s submission of the Loan to another lender for refinancing, prepayment, or any other reason, then, in such case, Broker shall reimburse ARC HOME the lender credit provided by ARC HOME for such Loan. Such obligation to ARC HOME shall survive any sale or assignment of the related Package by ARC HOME to any third-party and shall be independently enforceable by the ARC HOME. For the avoidance of doubt, if any Package submitted by Broker and funded by ARC HOME is paid in full on the same calendar day as the day in which ARC HOME receives the sixth (6th) monthly payment, an Early Payoff shall be deemed to have occurred.

With respect to a home equity line of credit, except with respect to a home equity line of credit with an actively listed subject property at the time of the first draw, if any Package submitted by Broker and funded by ARC HOME (i) is paid in full on or prior to the ninety (90th) calendar day following the funding date, (ii) has its outstanding principal balance reduced to \$0, or (iii) has its ability to make additional draws terminated or the home equity line of credit account is closed (a “HELOC Early Payoff”), then Broker shall, in ARC HOME’s sole discretion with due consideration to Broker’s long term performance with ARC HOME, within thirty (30) days after receiving an invoice from ARC HOME, reimburse ARC HOME an amount that equals compensation paid by ARC HOME to the Broker at the time of the Loan funding. Such obligation to ARC HOME shall survive any sale or assignment of the related Package by ARC HOME to any third-party and shall be independently enforceable by the ARC HOME. For the avoidance of doubt, if any Package submitted by Broker and funded by ARC HOME is paid in full and the home equity line of credit account is closed on the same



calendar day as the day in which ARC HOME receives the third (3rd) monthly payment, a HELOC Early Payoff shall be deemed to have occurred. For clarity, there shall be no Early Payoff related to a home equity line of credit with an actively listed subject property at the time of the first draw.

7. **DEFAULT.** A default under the terms of this Agreement occurs upon: (i) Broker's failure to comply with any covenant, condition, or obligation in this Agreement; (ii) Broker's breach of any representation or warranty in this Agreement; (iii) the commencement against Broker of any bankruptcy; or (iv) any decree or order is entered against Broker for the appointment of a conservator, receiver or liquidator. The Parties agree that if Broker is in default or otherwise breaches this Agreement, ARC HOME shall be entitled to recover its reasonable attorneys' fees and costs, in addition to any other damages. With respect to any representation or warranty set forth herein (including without limitation Broker's representations in Section 4) that is made to the Broker's knowledge or to the best of the Broker's knowledge, if it is discovered that the substance of such representation or warranty was, as of the time made or deemed made, inaccurate and such inaccuracy materially and adversely affects the value of the related Package or the interest of ARC HOME in such Package, ARC HOME shall be entitled to all the remedies to which it would be entitled for a breach of representation or warranty, including without limitation, the repurchase and indemnification requirements contained herein, notwithstanding Broker's lack of knowledge with respect to the inaccuracy at the time the representation was made.
8. **TERM; RENEWAL; TERMINATION.** This Agreement has an initial one-year term and is subject to annual renewal upon Broker's recertification per ARC HOME Guidelines, including Broker providing satisfactory evidence of compliance with terms of this Agreement. Either Party may terminate this Agreement, with or without cause, by providing a written notice of termination to the other Party, to be effective immediately upon receipt. Notwithstanding any such termination, this Agreement shall apply to any Package received by ARC HOME prior to termination and termination shall not affect any alleged breach of this Agreement as to any Package received by ARC HOME prior to termination. If ARC HOME terminates this Agreement, then ARC HOME has the option, in its sole discretion, to promptly return any pending Package to Broker without further obligation to accept, underwrite, approve, close or fund the Loan.
9. **RELATIONSHIP OF THE PARTIES.** This Agreement is non-exclusive as between ARC HOME and Broker. Broker is an independent contractor and shall not represent itself in any manner to be an agent, servant, employee, representative, partner or joint venture of ARC HOME. Broker is not authorized to bind, or commit ARC HOME to any contract or transaction, and Broker shall not represent in any manner that Broker has any such authority. This Broker Agreement is not intended to create and shall not be deemed to create, a beneficiary or fiduciary relationship between the Parties, or as between either of them and any other person. Broker shall be responsible for all of Broker's operational expenses, including, without limitation, office expenses, salaries for employees, insurance premiums, office equipment, appraisal, and all costs and expenses of processing loans. ARC HOME is not obligated or responsible to pay or reimburse Broker for any costs or expenses incurred in Broker's business operations or in the Package process.

10. PROTECTION OF CONFIDENTIAL INFORMATION

Each Party recognizes that due to the nature of this Agreement, the Parties may have access to the confidential or proprietary information of the other Party. Each Party agrees to hold the other Party's confidential and proprietary information in strictest confidence and not to disclose it or allow it to be disclosed, directly or indirectly, to any person or entity, except as otherwise may be required by Applicable Law or upon the prior written consent of such other Party. Notwithstanding the foregoing, nothing herein shall be deemed to prohibit ARC HOME from disclosing



information about Broker to appropriate federal, state or local authorities or agencies in the event of actual or suspected mortgage fraud or misrepresentation.

Broker shall keep confidential and shall not divulge to any Party, without ARC HOME's prior written consent, the compensation paid by ARC HOME to Broker, except to the extent that it is appropriate for the Broker to do so in working with its legal counsel, auditors, taxing authorities or applicable governmental agencies:

- 10.1 **Safeguarding Information.** The Parties shall comply with Applicable Law related to privacy and data protection applicable to the mortgage loans, including without limitation, protecting the Borrower's personal information and financial information in connection with any Loan or Package (including the names, addresses, social security numbers of the Borrower and any Non-Public Personal Information ("NPPI")) under Applicable Law, including GLBA and similar state laws implementing regulations. The Parties mutually agree to maintain policies and procedures designed to (i) ensure the security and confidentiality of such NPPI; (ii) protect against any anticipated threats or hazards to the security or integrity of such NPPI; and (iii) protect against unauthorized access to or use of such NPPI that could result in substantial harm or inconvenience to any Borrower. The Parties further agree to safeguard such NPPI from unauthorized use and unauthorized disclosure.
- 10.2 **Return of Confidential Data.** Upon termination of this Agreement, at the furnishing Party's option, the receiving Party will return or destroy all confidential information of the furnishing Party that the receiving Party is not required to retain by Applicable Law. Any confidential information required to be maintained shall not be intentionally accessed, unless such access is related to termination or performance of duties or obligations that survive termination as set forth herein and requested by ARC HOME. Backup data stored in a form that makes it impractical to delete confidential data may be retained for backup purposes. If Broker restores confidential data from a backup after termination of this Agreement, Broker shall promptly delete all confidential information from the restored dataset in accordance with this paragraph.
11. **SUCCESSORS AND ASSIGNS.** This Agreement shall inure to the benefit of and be binding upon the Parties, their successors and permitted assigns. Notwithstanding, the Parties recognize that the nature of this Agreement is personal as to Broker and accordingly, Broker shall not sell, assign, transfer or delegate any of its rights, duties or obligations hereunder and any attempt to do so shall be ineffective and void. ARC HOME may sell, assign, pledge or in any other way transfer, its rights and obligations under this Agreement, in whole or in part, to any entity or ARC HOME Affiliate, without notice to or consent by Broker.
12. **INDEMNITY.** Broker agrees to indemnify, defend, and hold ARC HOME and ARC HOME's Affiliates and their respective officers, directors, partners, members, employee's, counsel, accountants, financial advisers, consultants, and other advisers (each, an "Indemnified Person") harmless from and against any demand, claim, counterclaim, cross-claim, third-party claim, action, suit, litigation, investigation, legal proceeding (whether at law or in equity), petition, complaint, notice of violation, arbitration, or similar proceeding (whether civil, criminal, administrative, arbitral, or investigative) (a "Claim"), and any damages, judgment, loss, award, amount paid in settlement, deficiency, expense (including interest, court costs, reasonable fees of attorneys, accountants, and other experts, and other reasonable costs of litigation, arbitration, or similar proceedings, as applicable), obligation, commitment, assessment, cost, loss, expenditure, charge, fee, penalty, fine, contribution, or premium of any kind or nature whatsoever, whether known or unknown, asserted or unasserted, absolute or contingent, direct or indirect, accrued or unaccrued, liquidated or unliquidated, or due or to become due, and regardless of when sustained, incurred, or asserted or when the relevant events occurred or circumstances existed, including all costs and expenses relating thereto (a "Liability") incurred by an Indemnified Person as a result of, in connection with, or arising out of or relating to (i) any act or omission of Broker or Broker's



Affiliates and (ii) any breach of any term, condition, covenant, agreement, representation, warranty, or obligation of Broker or Broker's Affiliates contained in this Agreement, including but not limited to any fees and/or losses incurred by ARC HOME related to Section 6 herein, or in any other agreement, instrument, document, statement, certificate, or schedule furnished by or to Broker or Broker's Affiliates. This Section 12 shall survive termination of this Agreement. Broker's indemnity obligations shall be applicable with respect to third-party Claims asserted against ARC HOME and claims between ARC HOME and Broker.

13. **REPURCHASE.** Broker agrees to repurchase from ARC HOME, in ARC HOME's sole discretion, any Loan resulting from an application subject to this Agreement upon the terms and conditions set forth herein, in the event that: (a) Broker failed to observe or perform or has breached or breaches, or it has been alleged that Broker has breached, any of the representations, warranties, covenants, obligations or agreements contained in this Agreement or any applicable requirements with respect to any Loan; (b) ARC HOME receives a repurchase notification from any third-party investor of alleged fraud and determines the repurchase request is based on actual fraud or misrepresentation with respect to the Loan; (c) Broker or any third-party committed fraud or misrepresentation with respect to the Loan or otherwise aided, abetted or assisted in the commission of fraud or misrepresentation by any third-party with respect to the Loan. Broker shall repurchase any Loan required to be repurchased pursuant to this Agreement within fifteen (15) calendar days after Broker's receipt of written demand for repurchase from ARC HOME. The repurchase price for any Loan that Broker is required to repurchase hereunder shall be an amount equal to the sum of: (a) the then unpaid principal balance of the Loan; (b) accrued interest through the date of repurchase; (c) all unreimbursed advances and extraordinary costs and expenses incurred by ARC HOME with regard to such Loan during the life of the Loan; (d) all other losses, costs, or expenses incurred by ARC HOME, including penalties incurred by ARC HOME from any investor, or servicer and reasonable attorneys' fees incurred in connection with the repurchase; and (e) any fees paid by ARC HOME, including but not limited to all fees and costs paid to Broker (including and premium (including any lender credit provided by ARC HOME) and/or lender paid compensation) and/or other parties for goods and services rendered in connection with the origination and closing of the Loan. Upon any such repurchase of a Loan by Broker, ARC HOME shall endorse the Note and shall assign the mortgage in recordable form to Broker, without representations and warranties, whether express or implied, and without recourse to ARC HOME. Broker's obligation to repurchase hereunder shall be in addition to, or in lieu of, Broker's indemnity obligations contained in Section 12.

Upon determination of its right to demand repurchase under Section 13, ARC HOME shall promptly provide Broker with a written repurchase demand. Any delay or passage of time before making such demand shall not constitute a waiver by ARC HOME and nothing contained in this Section shall limit ARC HOME's rights to any remedy, legal or equitable; all such legal and equitable remedies, including those provided for herein, being cumulative, in addition to and not in lieu of any other remedy. Any amount owed by Broker to Arc Home may be offset by ARC HOME against funds due Broker.

14. **OFFSET.** ARC HOME may offset or recoup against any amount due and owing from ARC HOME to Broker, whether pursuant to this Agreement or any other contract or instrument between ARC HOME and Broker, any outstanding amounts owed to ARC HOME by Broker or any affiliate of Broker.
15. **GOVERNING LAW AND ATTORNEYS FEES.** This Agreement shall be governed by, construed, and enforced under the substantive and procedural laws of the State of New York, without regard to its conflict of laws principles. The parties' consent to jurisdiction and venue in the federal or state courts located New York, New York. In the event of a dispute between the Parties hereto, the prevailing Party shall be entitled to recover its reasonable attorneys' fees and costs.



16. **NOTICES.** Except as to Section 17 related to Changes to ARC HOME Guidelines, any notice, demand, request, or other communication required or contemplated by this Agreement shall be in writing and delivered to the parties as designated below or any such previously designated address, per this Section. Any notice shall be deemed received on: (i) the day of personal delivery; (ii) three (3) business days after being mailed by prepaid certified mail (return receipt requested); or (iii) one (1) business day after delivery by an overnight delivery service.

TO ARC HOME

Arc Home LLC
Attn: General Counsel
224 Strawbridge Drive, Suite 200
Moorestown, New Jersey 08057
Email: skeplar@archome.com

TO BROKER

Name: _____
Attn: _____
Address: _____

Email: _____

Either Party may send a copy of any notice by electronic means to the email address listed above, provided that any email shall not be considered notice under this Agreement and must be accompanied by another form of notice, which may be mailed (certified mail, return receipt requested, postage prepaid), sent by overnight courier (charges prepaid), or personally delivered, addressed to the respective Party at the address set forth above. Each Party shall promptly provide written notice to the other of a change in its address, telephone number, or designated email address. Notices delivered personally or by overnight courier shall be effective upon delivery. Notices delivered by certified mail shall be effective on the date set forth on the receipt of certified mail, or the third business day after mailing, whichever is earlier.

17. **CHANGES TO ARC HOME GUIDELINES.** Broker acknowledges and agrees that the ARC HOME Guidelines may be changed from time to time, in ARC HOME's sole discretion. Broker agrees to receive all changes to the ARC HOME Guidelines, including any supplement, update, revision, documentation, and information concerning the ARC HOME Guidelines by (i) written notice in accordance with Section 16 herein or (ii) at the option of ARC HOME, in its sole discretion, by posting to ARC HOME's website/portal.
18. **WAIVER.** Notwithstanding any provision to the contrary in this Agreement, any waiver regarding this Agreement may be made only by a writing executed by the Parties and specifying that such writing is such a waiver.
19. **ENTIRE AGREEMENT; AMENDMENT.** This Agreement constitutes the entire agreement and understanding of the Parties related to the matters and transactions contemplated by this Agreement and supersedes any prior agreement and understanding, whether verbal or in writing, with respect to those matters and transactions. Except as related to changes to ARC HOME Guidelines, this Agreement may only be amended by a writing executed by the Parties.
20. **SURVIVAL.** Notwithstanding any provision to the contrary, all representations, warranties, covenants and agreements of the Parties shall survive termination and bind the Parties until the earlier of (i) payment in full or (ii) foreclosure or short sale.
21. **COUNTERPARTS.** This Agreement may be executed in counterparts with electronic signatures and delivered as an electronic image by email or facsimile. Each counterpart shall be deemed an original and all together shall constitute one instrument.



22. **E-SIGNATURE.** It is understood and agreed that documents hereunder may be provided by the Parties or may be executed by the Parties electronically, in compliance with Arc’s policies and procedures relating to e-signatures, the federal Electronic Signatures in Global and National Commerce Act (E-SIGN) and, if applicable, the Uniform Electronic Transactions Act (UETA) adopted by the state in which the electronic record (i.e., the contract or other record created, generated, sent, communicated, received or stored by electronic means) relating to such document or disclosure is initiated.

23. **EFFECTIVE DATE.** The Effective Date shall be the date executed by ARC HOME.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed under seal by their duly authorized representatives effective as of the date written below.

ARC HOME LLC

SIGNATURE _____

PRINT NAME _____

TITLE _____

DATE _____

BROKER

BROKER COMPENSATION SELECTION FORM

In compliance with Regulation Z, 12 CFR Part 226.36 the Federal Reserve Board under Consumer Financial Protection Bureau issued a final rule as part of the Truth in Lending Act. Arc Home designed a compensation plan to protect consumers and preserve responsible lending.

You will be compensated by either the borrower(s) or Arc Home, but not both. For every Loan transaction (as defined in the Broker Agreement), you will choose a source of broker compensation as follows:

1) Borrower Paid Compensation (BPC)

BPC is compensation paid by the borrower to the Broker from the borrower's own funds or loan proceeds. BPC is negotiated directly with the borrower and may vary on each individual loan transaction. By choosing to be paid directly from the borrower, the broker may not receive any compensation directly or indirectly from any other party or entity, inside or outside of the transaction, including the lender (Arc Home). The Broker acknowledges and agrees that Broker shall not accept any BPC in excess of the LPC selection in the related channel herein. Broker understands and agrees that for Home Equity Lines of Credit, Broker can only choose LPC as the sole source of broker compensation.

2) Lender Paid Compensation (LPC)

LPC is compensation paid by the lender (Arc Home) to the Broker. The Broker must select a LPC plan below. Arc Home will permit Broker quarterly changes (i.e. 90 calendar days following the previous change) to their LPC selection. All requested changes shall become effective seven (7) calendar days following the date of such request. LPC changes will take effect for all loans locked (pursuant to the Arc Home Guidelines) after the change effective date. By choosing LPC, the Broker may not receive any compensation from the borrower or any other party or entity, inside or outside of the transaction.

Arc Home is only responsible for LPC compensation to the Broker if the Loan closes and funds accordingly. Arc Home reserves the right to modify compensation plans according to market factors or changes to state or federal law. Brokers may not tie their loan originator compensation to any of the terms of the transaction or interest rate to the borrower.

The Broker may not steer a Loan that is not in the borrower's best interest. The Broker must have a fully executed Broker Agreement along with an executed Broker Compensation Selection Form describing the compensation plan on the Loan and obtain an Anti-Steering Disclosure which shows the following options:

The Loan with the lowest interest rate

The Loan with the lowest points and fees

The Loan with lowest interest rate without risky features like negative amortization, prepayment penalty, balloon payment, etc.

The following Lender Paid Compensation will be paid to the Broker by Arc Home for each Loan that closes and funds in the applicable channel (please fill in every space or mark N/A if no Loans will be submitted through a particular channel):

A) Consumer Purpose Loans & Business Purpose Loans

- i. The LPC will be set at ____% (.50 through 2.75% in increments of .125)
 - i. The maximum LPC percentage shall be 2.75%
- ii. The minimum LPC will be \$ _____
- iii. The maximum LPC will be \$ _____

B) Home Equity Lines of Credit

- i. The LPC will be set at 2% (calculated based on the total line size of the Home Equity Line of Credit)
 - i. Notwithstanding the above LPC, the above LPC percentage shall be reduced to the extent necessary or advisable, in Arc Home's sole discretion, to comply with applicable state or federal laws including but not limited to laws relating to high cost and usury limitations.
 - ii. Arc Home will pay Broker the following LPC (calculated based on the total line size of the Home Equity Line of Credit) for each corresponding state:
 1. Hawaii. LPC will be set at 1%
 2. Missouri. LPC will be set at 0%
 3. Tennessee. LPC will be set at 0%
 4. Vermont. LPC will be set at 0%

IN WITNESS WHEREOF, the parties have caused this Broker Compensation Selection Form to be executed under seal by their duly authorized representatives effective as of the date written below.

BROKER: _____

SIGNATURE _____

PRINT NAME _____

TITLE _____

DATE _____

ARC HOME LLC

SIGNATURE _____

PRINT NAME _____

TITLE _____

DATE _____