

**Private Mortgage Group**  
**BROKER PACKAGE SUBMISSION CHECKLIST**

Please complete and sign your Broker Application and Agreement. Supporting documents applicable to your business are requested to accompany the completed application so that we might ensure a fast turn-around time. Your Account Executive will be happy to assist should you have any questions.

**Broker Package Submission Checklist** *[pages 1 – 2]*

**Broker Application** *[pages 3 – 6]*

Complete and execute application; include documentation outlined in this checklist.

**Company Resolution** *[page 7]*

Complete and execute if your company entity is one of the following: Partnership, LLP, LLC, or Corporation.

**Broker Agreement** *[pages 8 – 14]*

Complete and execute.

**Addendum to Broker Agreement - Broker Compensation** *[pages 15 – 17]*

Complete and execute.

**Broker Certification - Business Conduct** *[page 18]*

Complete and execute.

**Anti-Money Laundering and Suspicious Activity Report Compliance** *[page 19]*

Complete and execute.

**Zero Fraud Tolerance Policy** *[pages 20 - 21]*

Complete and execute.

**Please attach the following:**

- Broker License(s)**  
Broker license(s) in the state(s) you would like to do business with Private Mortgage Group. (Currently only Texas)
  
- Loan Officer and Branch License(s)**  
License(s) and/or registration(s) of all loan officers, other loan originators and branches you intend to have conduct business with Private Mortgage Group
  
- Resumes for Broker of Record/Principals/Owners**
  
- Articles of Incorporation or Organization, or Other Charter Documents**
  
- W-9 Request for Taxpayer Identification Number and Certification**
  
- Quality Control Plan**

**NOTE: Private Mortgage Group CANNOT ACCEPT A LOAN APPLICATION FROM YOU UNTIL YOUR BROKER APPLICATION HAS BEEN APPROVED.**

➔ Please email your completed broker package including all required attachments directly to the Private Mortgage Group Broker Desk at [Admin@PrivateMortgageGroup.com](mailto:Admin@PrivateMortgageGroup.com)

Your Account Executive is: Carol Ussery

Private Mortgage Group  
6735 Salt Cedar Way Ste 300  
Frisco, TX 75034  
(469)333-0462

**Private Mortgage Group  
BROKER APPLICATION**

**Company/Broker Information:**

Company Legal Name: \_\_\_\_\_

DBA or Trade Name: \_\_\_\_\_

AKA (if Applicable): \_\_\_\_\_

Main Business Address: \_\_\_\_\_  
 \_\_\_\_\_

Phone: \_\_\_\_\_ Fax: \_\_\_\_\_

Contact Name: \_\_\_\_\_ Phone: \_\_\_\_\_

Email: \_\_\_\_\_

Please Check One:

Sole Proprietorship       Partnership       Limited Liability Company

Corporation       Other \_\_\_\_\_

Filing Date: \_\_\_\_\_ Filing State: \_\_\_\_\_ Federal Tax ID: \_\_\_\_\_

**Principals of Broker:**

Principals / Owners	Title	Phone / Ext	SSN	% Ownership

**Staff Licensing Information:**

Name	Email	Phone	NMLS #

**List of Affiliates:**

Name of Affiliate	Type Service

**Branch Office(s):**

Address: \_\_\_\_\_  
Contact Name: \_\_\_\_\_ Email: \_\_\_\_\_  
Telephone: \_\_\_\_\_ Fax: \_\_\_\_\_

**Branch Office:**

Address: \_\_\_\_\_  
Contact Name: \_\_\_\_\_ Email: \_\_\_\_\_  
Telephone: \_\_\_\_\_ Fax: \_\_\_\_\_

**Branch Office:**

Address: \_\_\_\_\_  
Contact Name: \_\_\_\_\_ Email: \_\_\_\_\_  
Telephone: \_\_\_\_\_ Fax: \_\_\_\_\_

**Branch Office:**

Address: \_\_\_\_\_  
Contact Name: \_\_\_\_\_ Email: \_\_\_\_\_  
Telephone: \_\_\_\_\_ Fax: \_\_\_\_\_

**Branch Office:**

Address: \_\_\_\_\_  
Contact Name: \_\_\_\_\_ Email: \_\_\_\_\_  
Telephone: \_\_\_\_\_ Fax: \_\_\_\_\_

**Branch Office:**

Address: \_\_\_\_\_  
Contact Name: \_\_\_\_\_ Email: \_\_\_\_\_  
Telephone: \_\_\_\_\_ Fax: \_\_\_\_\_

**Lender References (minimum of three):**

Company Name: \_\_\_\_\_ Address: \_\_\_\_\_

Contact Name: \_\_\_\_\_ Work Phone: \_\_\_\_\_ Work Email: \_\_\_\_\_

Company Name: \_\_\_\_\_ Address: \_\_\_\_\_

Contact Name: \_\_\_\_\_ Work Phone: \_\_\_\_\_ Work Email: \_\_\_\_\_

Company Name: \_\_\_\_\_ Address: \_\_\_\_\_

Contact Name: \_\_\_\_\_ Work Phone: \_\_\_\_\_ Work Email: \_\_\_\_\_

Company Name: \_\_\_\_\_ Address: \_\_\_\_\_

Contact Name: \_\_\_\_\_ Work Phone: \_\_\_\_\_ Work Email: \_\_\_\_\_

Company Name: \_\_\_\_\_ Address: \_\_\_\_\_

Contact Name: \_\_\_\_\_ Work Phone: \_\_\_\_\_ Work Email: \_\_\_\_\_

The undersigned declare(s), represent(s), and warrant(s) that the statements set forth herein are true, accurate, and complete, and do not omit any material information.

CarolCorp, Inc dba Private Mortgage Group is hereby authorized to obtain verification of any of the information stated herein.

Broker Name: \_\_\_\_\_ Date: \_\_\_\_\_

Principal's Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

SSN: \_\_\_\_\_

By signing above, I authorize CarolCorp, Inc dba Private Mortgage Group to obtain my credit report(s) for purposes of evaluating this Broker Application, and/or for purposes of investigating or enforcing any agreement between Private Mortgage Group and the Broker named above.

**COMPANY RESOLUTION**  
**(Application for and Execution of Broker Agreement)**

The undersigned hereby certifies that the following was adopted by the \_\_\_\_\_ of \_\_\_\_\_, a  
(Broker Board of Directors/Members/Partners) (Broker Company Name)  
\_\_\_\_\_ on \_\_\_\_\_  
(Corporation/Limited Liability Company/Partnership) (Date)

1. Broker is authorized to enter into the Broker Agreement (“Agreement”) with CarolCorp, Inc dba Private Mortgage Group (“Lender”), and has the power and authority to comply with and be bound by the terms and conditions of the Agreement;
2. Lender may rely on this Company Resolution as of the date hereof and as of the date of any subsequent transactions under the Agreement;
3. As of the date hereof, the officers, members or partners of Broker executing this Company Resolution below are authorized to make, execute, and deliver on behalf of Broker this Company Resolution, as well as the Broker Application and Broker Agreement (and related addenda) executed in connection herewith;
4. The undersigned officers, members or partners of Broker represent, warrant, and agree that all information, representations, warranties, promises, assignments, conveyance instruments, documents and forms required to be executed in order for Broker to comply with and be bound by the terms and conditions of the Broker Agreement (and related addenda) are true, correct, and complete, and do not omit any material information.

Name: \_\_\_\_\_ Signature: \_\_\_\_\_

Title: \_\_\_\_\_

State: \_\_\_\_\_

County: \_\_\_\_\_

**Private Mortgage Group  
BROKER AGREEMENT**

This Broker Agreement (“Agreement”) is entered into as of \_\_\_\_\_ (“Effective Date”) by and between \_\_\_\_\_, a \_\_\_\_\_ (“Broker”) (Broker Company Name) (Type Entity (Corp,LLC Sole Prop etc.)) and CarolCorp, Inc., a Texas Corp. (“Lender”).

**1. Broker’s Duties**

1.1 Broker shall accept applications for loans at its own offices in its own name through its own employees and agents. Broker may not submit third party originations to Lender under this Agreement. Any employee or other person taking applications or offering or negotiating mortgage loan terms must be licensed or registered through the Nationwide Mortgage Licensing System and Registry (NMLS).

1.2 Broker intends to submit to offer to Lender mortgage loan applications and related materials procured by Broker. Until this Agreement is terminated by either Lender or Broker, Lender will make available to Broker, Lender’s loan programs, the terms and interest rates of which are subject to periodic change by Lender.

1.3 Broker shall promptly deliver to applicant(s) any documents prepared by Lender and intended for delivery to applicant(s) unless otherwise instructed in writing by Lender.

1.4 Broker understands that all loan application materials submitted to Lender will be underwritten in accordance with both secondary market standards and all applicable laws.

1.5 Broker understands and agrees that Lender’s loan documents are available only in English, and as such, Broker shall communicate with all applicants only in English when discussing the application for, and terms and conditions of, any loans or loan application materials submitted to Lender.

1.6 Broker shall comply with procedures established by Lender as updated from time to time. Lender shall determine whether any loan application meets the terms and requirements of any available loan programs.

1.7 Broker shall provide to Lender a loan application signed by applicant(s), and such credit, financial, and other information and documentation necessary for Lender to evaluate and underwrite the loan application. Broker shall assist Lender in obtaining any additional information as requested. The date that a loan is funded shall be deemed to be the “Funding Date”.



1.8 Broker shall execute an affidavit/acknowledgment at the time of loan package submission to Lender stating that (i) any application previously submitted to another lender on behalf of applicant(s) has been either withdrawn by the applicant(s) declined by that lender, or had approval not accepted by the applicant(s), after the timely issuance of a Loan Estimate, and (ii) that the applicant(s) has submitted a new application in connection with the CarolCorp, Inc dba Private Mortgage Group loan package.

1.9 Broker shall perform the customary duties of a mortgage broker, including without limitation analyzing applicant's income and indebtedness and determining the maximum reasonable loan obligations that the applicant can bear; educating applicants regarding the home purchase and financing process; collecting financial information and all other related documents; initiating and ordering verifications of employment, deposits, and other income, assets, and obligations of applicants; initiating and ordering inspections, environmental reports or engineering reports; assisting applicants in handling credit problems (including without limitation any required credit or housing counseling); ordering legal documents; keeping applicants apprised of the application status; and performing any other services as Lender may reasonably request.

1.10 Broker shall not represent or imply that it is affiliated or connected with Lender or that Broker has any power or authority to bind Lender. Broker shall have no agency, power or authority to undertake any act or transaction on behalf of or as agent of Lender.

1.11 Broker shall be exclusively responsible for its own costs and expenses in connection with Broker's business and its duties pursuant to this Agreement.

1.12 For a period of at least 12 months following the Funding Date of any Brokered Loan, neither Broker, nor any of its owners, subsidiaries, parent companies, or affiliates, nor any of its loan officers, or other employees, agents, or contractors, shall solicit the borrower(s) or mortgagor(s) of the Brokered Loan for purposes of a new cash-out loan, rate/term refinance, or other prepayment. The terms and provisions of this Subsection shall survive any termination of this Agreement.

1.13 Broker shall immediately advise Lender in writing of any inquiry, material complaint, or pending or threatened regulatory action to revoke or limit any license, permit, authorization or approval issued or granted by any federal, state or local government, or quasi-governmental body, or any agency or instrumentality thereof, necessary for Broker to conduct its business, or to impose any penalty or other disciplinary sanction in connection therewith, or any other sanction that would materially affect Broker's business.

1.14 In the event Broker receives letter, notice, or other writing ("Notice") from any federal, state or local government, or quasi-governmental body, or any agency or instrumentality thereof, with respect to any application submitted to Lender, Broker shall advise Lender immediately of such Notice and deliver a copy of the Notice to Lender.

## **2. Lender's Duties**

2.1 Lender shall provide lists of the programs and types of loans that Lender will offer; such lists will include applicable interest rates, loan limits, loan-to-value ratios, points and fees.

2.2 Conditional approvals shall be made in writing and will cover only the specific loan application(s) submitted by Broker for approval. Lender is under no obligation to accept any minimum number or percentage of loan applications, or any loan applications at all, from Broker.

2.3 Lender shall pay Broker pursuant to the CarolCorp, Inc dba Private Mortgage Group. Broker Compensation Addendum to Broker Agreement, which is attached hereto and incorporated herein.

2.4 Lender will approve or decline loan applications in accordance with its current underwriting policies. Lender shall make all underwriting determinations.

2.5 Lender shall communicate to Broker by telephone or in writing Lender's approval or declination of each loan application. Lender expressly disclaims any inference Broker may draw as to the general quality or acceptability of the underlying application.

2.6 Lender will not communicate directly with Broker's client, either by written or verbal communication, except as required by applicable federal, state, or local laws, or except as expressly permitted pursuant to this Agreement.

2.7 Lender's offer to lend will be evidenced by delivery of a conditional loan approval to Broker. After consultation with Broker's client, Broker shall advise Lender of the applicant's acceptance or non-acceptance of such offer.

## **3. Audits and Examinations**

3.1 Broker understands that Lender is or may be subject to various laws and/or secondary market investor requirements pursuant to which Lender must maintain ready access to accurate and current documents and information regarding mortgage brokers.

3.2 Broker understands that Lender may schedule audits and/or examinations to pertaining to Broker practices, procedures, facilities and records as they relate to Lender. Lender shall provide no less than thirty (30) days' notice in advance of such audits and/or examinations.

3.3 Broker understands that Lender may monitor Broker's activities, including quality control audits of all Brokered Loans\* and re-verifications of credit documentation, and any other information or application materials submitted by Broker as required by Lender, its regulators, investors, or otherwise.

3.4 Broker agrees and understands that it may become necessary for Lender to inspect the mortgaged property securing a loan prior to, or within ninety (90) days of the Funding Date.

\*Applications submitted by Broker to Lender shall be deemed "Brokered Loans".

3.5 Broker agrees and understands that Lender shall use license tracking systems to verify Broker's continuing compliance with applicable authorities.

3.6 Upon Lender's request, Broker shall provide to Lender current financial statements executed by Broker's authorized corporate officer that comprise of both a balance sheet and an income statement for the previous fiscal year, as well as evidence of Broker's errors and omissions policy naming CarolCorp, Inc dba Private Mortgage Group. as an additional insured.

3.7 Upon Lender's request, Broker shall provide to Lender copies of Broker's policies and procedures regarding loan originator compensation, privacy and information security, record retention, anti-money laundering and suspicious activity report compliance, and other policies and procedures.

#### **4. Broker's Representations and Warranties**

4.1 All of Broker's representations and warranties shall apply as of the Effective Date of this Agreement, and shall continue to apply through the date Broker submits any loan application or other materials to Lender, through the closing and funding of each Brokered Loan, and through the date that any Brokered Loan is purchased by any third party investor, and through the date that all Brokered Loans are fully paid off, satisfied, and/or released, and until Lender releases and discharges Broker from its obligations under this Agreement. The terms and provisions of this Section 4 shall survive any termination of this Agreement.

4.2 Broker represents and warrants that it is a duly and properly organized and licensed residential mortgage loan broker in good standing with all applicable governmental, licensing, and regulatory authorities in all jurisdictions in which it operates. Broker also represents and warrants that its loan officers (and other employees and agents) are licensed or registered as may be required.

4.3 Broker represents, warrants, and agrees that it will notify Lender in writing and immediately upon any change of any license or registration of Broker, any change of ownership or control of Broker, and/or of the taking of any action by any governmental, regulatory, or licensing authority against or involving Broker, its loan officers or other employees or agents.

4.4 Broker represents and warrants that it has the requisite corporate authority, power, and capacity to enter into this Agreement and that Broker's compliance with the terms and conditions of this Agreement will not violate the terms of any governing organizational instrument of Broker or any other instrument or agreement to which Broker is a party.

4.5 Broker represents and warrants that its activities (and/or activities of Broker's loan officers or other employees or agents), including without limitation as to loan applications Broker submits to Lender, are in full compliance with all applicable federal, state, and local laws.

4.6 Broker represents and warrants that all facts, information, and documentation submitted by Broker to Lender are true, correct, and complete, and do not omit any material facts or information.

4.7 Broker represents and warrants that it has not been issued or made the subject of any administrative order, cease and desist decree, memorandum of understanding, or other regulatory action.

4.8 Broker represents and warrants that neither it nor any of its employees, principals or agents is a party to (i) any pending, or, to Broker's knowledge, any threatened litigation, involving any allegation that Broker or any person acting on Broker's behalf committed fraud, misrepresentation, unlawful discrimination, or any other violation of any federal, state, or local law; or (ii) any claims by applicant or borrower.

4.9 Broker represents and warrants that it has not received notice of any negative wholesale lender, investor, or regulatory finding through any audit or examination.

4.10 Broker represents and warrants that it has and shall maintain, at no expense to Lender, fidelity bond coverage and errors and omissions insurance, and shall furnish evidence of such coverage upon request of Lender. Such policies shall be in reasonable amounts, with acceptable standard coverage. Broker shall notify Lender of any changes thereto or cancellations thereof.

## **5. Breach and Remedies**

5.1 Broker agrees to indemnify Lender against any losses arising from (i) violation of any applicable federal, state, and local law(s); (ii) breach of Broker's covenants, representations, warranties, terms, provisions, agreements, duties and/or obligations under this Agreement; (iii) any claim by any customer, applicant, or third-party resulting from Lender's failure or refusal to fund a loan; and/or (iv) any repurchase by Lender of any Brokered Loan, on account of any actual or alleged act or omission by Broker.

5.2 Broker agrees to immediately repurchase any Brokered Loan, and/or fully reimburse lender for any costs if Lender determines that Broker breached or violated any of Broker's representations and warranties contained in this Agreement as to the Brokered Loan.

5.3 The repurchase price shall be equal to the unpaid principal balance of the Brokered Loan(s), plus the accrued amount of the interest shortfall (negative amortization), if any, plus any accrued but unpaid interest, fees, costs, expenses, and/or attorney's fees due on the date of repurchase, and less the escrow balance, as calculated by Lender on the date of repurchase.

5.4 Lender may at any time set off actual or alleged amounts owed by Lender to Broker (or for the credit or account of the Broker) against amounts at any time owing or allegedly owing by Broker to Lender, without need for any prior presentment, demand, protest, or other notice of any kind to Broker or to any other person, any such notice being expressly waived by Broker.

5.5 In the event of an "Early Pay Off" ("EPO") which has occurred within 6 months of applicable funding date, and where Broker participated in any way with the early payoff, Broker shall reimburse to Lender an amount equal to the total of all compensation paid to Broker from any source, including all borrower ("EPO Refund").

5.6 The EPO Refund shall be due and payable from Broker to Lender within thirty (30) calendar days following the earlier of: (1) date Broker first learns of the existence of the EPO loan; or (2) date on which Broker first receives notice from Lender of the EPO loan.

5.7 Notwithstanding any other term or provision of this Agreement, any investigation or any failure to investigate by Lender as to any documents or information submitted by Broker to Lender shall not limit or otherwise affect Lender’s right or ability to obtain full and complete relief from Broker under this Agreement or otherwise.

5.8 The terms and provisions of this Section 5 shall survive any termination of this Agreement.

**6. Notices**

6.1 All notices required to be given pursuant to this Agreement will be given in writing and will be deemed given when personally delivered or when deposited in the United States mail, postage prepaid, certified mail, return receipt requested, addressed to such party as follows:

<b>Broker:</b>	<b>CarolCorp, Inc dba Private Mortgage Group:</b>
_____	_____
_____	_____
_____	_____

6.2 Broker authorizes Lender (and any of its employees, agents, representatives, subsidiaries, affiliates, successors and assigns) to make marketing, advertising, telemarketing, informational, facsimile transmissions, text messages, and other calls and communications, including without limitation by automatic telephone dialing system, to the following telephone numbers of Broker:

<b>Broker:</b>	
_____	_____
_____	_____
_____	_____

**7. Miscellaneous**

7.1 No waiver or modification of this Agreement shall be valid unless executed in writing by both parties.

7.2 Lender reserves the right to amend, update, and modify the Agreement as necessary to comply with applicable laws, regulations, secondary market investor requirements.

7.3 Lender shall be entitled to recover reasonable costs incurred in connection with the enforcement of this Agreement and/or any addenda or amendments to this Agreement.

7.4 This Agreement shall be construed in accordance with the laws of Texas. In the event of litigation between the parties, venue will lie either in Collin County, Texas or in the United States District Court (Texas Eastern District Court Plano, TX). Broker consents to said venues and to the jurisdiction of these courts.

7.5 This Agreement may be executed simultaneously in any number of counterparts, all of which shall constitute one and the same instrument. A copy and/or facsimile reproduction of this Agreement may be used for any and all purposes, and such copy and/or facsimile reproduction will have the same force and effect as a fully executed, original document.

7.6 Should any inconsistency exist or arise between a term or provision of this Agreement and a term or provision of any exhibit, schedule, or other incorporated writing (including without limitation the Broker Compensation Addendum and other addenda to this Agreement), the term or provision of this Agreement will prevail over the provision of the exhibit, schedule, or other incorporated writing.

7.7 The terms and conditions of this Agreement (including without limitation the Broker Compensation Addendum and other addenda to this Agreement) shall be kept confidential and their contents should not be disclosed to any person or entity, except as necessary to comply with applicable law, valid subpoenas, or regulatory actions, or to enforce the terms and conditions of this Agreement.

7.8 Nothing in this Agreement shall be construed to create an exclusive relationship in any market or geographic area between Broker and Lender.

7.9 Nothing in this Agreement shall be construed to create a joint venture, partnership, or agency relationship.

7.10 Either Broker or Lender may terminate this Agreement at any time for any reason, upon written notice to the other. As expressly stated elsewhere in this Agreement, several of the terms and provisions of this Agreement will survive any termination of this Agreement.

IN WITNESS WHEREOF, the parties hereto have agreed to and executed this Agreement as of the Effective Date.

**BROKER:**

**CarolCorp, Inc dba Private Mortgage Group**

\_\_\_\_\_  
(Printed Name of Broker)

\_\_\_\_\_  
(Signature of Authorized Person)

\_\_\_\_\_  
(Signature of Person Authorized by Broker)

\_\_\_\_\_  
(Printed Name of Authorized Person)

\_\_\_\_\_  
(Printed Name of Authorized Representative)

\_\_\_\_\_  
(Title of Authorized Person)

\_\_\_\_\_  
(Title of Authorized Representative)

**Private Mortgagee Group  
BROKER COMPENSATION AGREEMENT**

This Broker Compensation Addendum (“Addendum”) is entered into as of the \_\_\_\_day of \_\_\_\_\_, 20\_\_, by and between Private Mortgage Group(“Lender”) and \_\_\_\_\_ (“Broker”). This Addendum supplements the Broker Agreement (“Agreement”) entered into by and between CarolCorp, Inc dba Private Mortgage Group and Broker. Hereafter when read together, the Agreement and the Addendum shall constitute one integrated document.

In consideration of the mutual undertakings and covenants set forth in this Addendum, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. If completed and returned, this Addendum replaces and supersedes any and all prior Broker Compensation Addendum to the Agreement between the parties.
2. This Addendum will be effective for all Brokered Loans registered and assigned to a Private Mortgage Group loan number on or after \_\_\_\_\_.
3. Broker may not receive compensation from more than one source. Broker may elect, on a loan by loan basis, to receive either lender paid compensation or borrower paid compensation. Either election precludes additional compensation being paid by any other party, person or entity to the transaction, or outside the transaction.
4. All fees paid to Broker, other than bona fide pass-through fees, shall count towards the selected lender paid compensation tier, or the negotiated borrower paid compensation.
5. When compensation is paid by Lender, such amount is and will be Broker’s sole source of compensation. Broker will not charge the borrower any additional fees, including processing fees.
6. Seller contributions are considered “paid by the borrower”; therefore, under the borrower paid compensation plan, seller contributions may be used to fully or partially pay broker fees. However, under the lender paid compensation plan, the broker can be paid by the lender and no one else. Therefore, seller contributions can only be used to pay third party closing costs and lender fees.
7. Broker shall be solely responsible for the payment of compensation to its Mortgage Originators. Broker agrees that all compensation paid by Broker to Broker's Mortgage Originators will conform with all of the requirements set forth in the Truth-in-Lending Act as implemented by Regulation-Z, and with other applicable law.

**9. Compensation by Borrower:**

Under a borrower paid plan, Broker may negotiate and establish compensation directly with the borrower but may not exceed a 1.50% + \$1250 in admin fees maximum fee\* which is the ceiling established by CarolCorp, Inc dba Private Mortgage Group. On a per loan basis, Broker shall also submit a completed Loan Brokerage Agreement (compliant with TX. Fin. Code § 156.001 or other state applicable code) to Private Mortgage Group.

**NOTE:** The Housing Financial Discrimination Act of 1977 makes it illegal to discriminate in the provision of or in the availability of financial assistance because of the consideration of:

- a) Trends, characteristics or conditions in the neighborhood or geographic area surrounding a housing accommodation, unless the financial institution can demonstrate in the particular case that such consideration is required to avoid an unsafe and unsound business practice; or
- b) Race, color, religion, sex, marital status, domestic partnership, national origin or ancestry.

Therefore, the compensation agreement you negotiate with any applicant shall not be based upon or be influenced in any way by any of the above noted prohibited considerations.

**10. Compensation paid on Business-Purpose Loan**

Broker may negotiate and establish compensation directly with the borrower but may not exceed a 1.500% + \$1250 admin fees maximum fee which is the ceiling established by Lender. On a per loan basis, Broker shall also submit a completed Loan Brokerage Agreement (compliant with TX. Fin Code § 156.001 or other state applicable code) to Lender.

**ACKNOWLEDGEMENT**

Broker acknowledges that if a Brokered Loan funded by Lender is repaid in full within six (6) months immediately following the closing of such loan, Broker, at Lender's request, shall reimburse Lender the amount of any compensation Broker derived in connection with the loan, whether compensation was borrower-paid or lender-paid. Broker shall reimburse Lender within ten (10) calendar days from notification of the early payoff.



**By signing below, Broker certifies that:**

- Broker complies with the Consumer Financial Protection Bureau’s Loan Originator Compensation and Anti-Steering rules as published in 12 CFR § 1026.36(d) & (e);
- Broker agrees to this Broker Compensation Addendum to the Broker Agreement and understands that payment of this compensation must be properly disclosed per all legal and regulatory requirements;
- Broker understands that this Broker Compensation Addendum to the Broker Agreement impacts all loans submitted to Lender from any of our office locations.

**IN WITNESS WHEREOF**, the parties have caused this Broker Compensation Addendum to be executed by their duly authorized representative, who by signing below represents and certifies as to having the authority to bind Broker to this Agreement.

\_\_\_\_\_  
(Printed Name of Broker)

\_\_\_\_\_  
(Signature of Person Authorized by Broker)

\_\_\_\_\_  
(Printed Name of Authorized Representative)

\_\_\_\_\_  
(Title of Authorized Representative)

\_\_\_\_\_  
(Broker's Tax Identification Number)

**CarolCorp, Inc dba Private Mortgage Group  
BROKER CERTIFICATION OF BUSINESS CONDUCT**

The undersigned broker (“Broker”) hereby certifies the following:

- Broker will conduct its business in compliance with applicable law, including applicable federal, state, and local fair lending laws, and CarolCorp, Inc dba Private Mortgage Group’ Fair Lending Policy.
- Broker has an Employee Training Policy and Procedure on state and federal compliance currently in place.
- Broker has an Employee policy on the process, tracking and resolution of complaints currently in place.
- Broker has a documented Policy for checking their potential employees against the GSA, LDP and state specific debarment lists including without limitation via the following links.
  - ✓ GSA Excluded Parties     <https://www.sam.gov/>
  - ✓ HUD’s LDP                     [https://www5.hud.gov/ecpcis/main/ECPCIS\\_List.jsp](https://www5.hud.gov/ecpcis/main/ECPCIS_List.jsp)
  - ✓ Texas SML                     <https://www.sml.texas.gov/index.html>

Broker Company Name: \_\_\_\_\_

\_\_\_\_\_  
Signature of Broker of Record

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature of Principal Officer

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature of Principal Officer

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature of Principal Officer

\_\_\_\_\_  
Date

**CarolCorp, Inc dba Private Mortgage Group  
AML AND SAR COMPLIANCE**

By executing this Addendum, Broker represents they have implemented a program consistent with the federal rules concerning Anti-Money Laundering (“AML”) programs and Suspicious Activity Report (“SAR”) filing requirements for Residential Mortgage Lenders and Originators codified in 31 CFR Parts 1010 and 1029.

**Anti-Money Laundering**

Regulation requires that the Broker's AML program must be in writing, be reviewed and updated annually, and must assess the risk across all of the Broker's products, services, customers and geographic locations. Further, all AML programs must have, at a minimum:

1. Internal policies, procedures and controls;
2. a designated compliance officer;
3. an employee training program; and
4. an independent audit function.

**Suspicious Activity Report**

Regulation requires that a, Broker must file a SAR within thirty (30) days of becoming aware of a transaction that:

1. involves funds derived from illegal activity or are conducted to hide funds or assets derived from illegal activity;
2. is designed to evade Bank Secrecy Act requirements;
3. has no business or apparent lawful purpose; or
4. involves the use of the company to facilitate criminal activity

CarolCorp, Inc dba Private Mortgage Group reserves the right to request evidence of compliance. Broker agrees to provide evidence of compliance, if requested.

**BROKER:**

\_\_\_\_\_  
(Printed Name of Broker)

\_\_\_\_\_  
(Signature of Person Authorized by Broker)

\_\_\_\_\_  
(Printed Name of Authorized Representative)

\_\_\_\_\_  
(Title of Authorized Representative)

\_\_\_\_\_  
(Date of Execution)

## **CarolCorp, Inc dba Private Mortgage Group LOAN FRAUD AND ZERO TOLERANCE POLICY**

Broker accepts full responsibility for all actions of the broker's employees or licensees. Broker is responsible for the content and quality of each application taken and each loan submitted to CarolCorp, Inc dba Private Mortgage Group.

THE SUBMISSION OF A LOAN APPLICATION CONTAINING FALSE INFORMATION IS A CRIME.

### **Types of Loan Fraud (non-exclusive list):**

1. Submission of inaccurate information, including false statements on loan application(s) and falsification of documents purporting to substantiate credit, employment, deposit and asset information, personal information including identity, ownership/non-ownership of real property, etc.
2. Forgery of partially or predominantly accurate information.
3. Incorrect statements regarding current occupancy or intent to maintain minimum continuing occupancy as stated in the security instrument.
4. Lack of due diligence by broker/loan officer/interviewer/processor, including failure to obtain all information required by the application and failure to request further information as dictated by Borrower's response to other questions.
5. Unquestioned acceptance of information of documentation that is known, should be known, or should be suspected to be inaccurate. Examples would include, without limitation:
  - a. Simultaneous or consecutive processing of a multiple owner-occupied loans from one applicant and supplying different information on each application.
  - b. Allowing applicant or interested third party to "assist with the processing of the loan."
6. Broker's non-disclosure of relevant information.

### **Impact of Loan Fraud**

The effect of loan fraud is costly to all parties involved. Private Mortgage Group stands behind the quality of its loan production. Fraudulent loans cannot be sold into the secondary market and, if sold, could require repurchase by Private Mortgage Group. Fraudulent loans damage our reputation with investors. Yet the price paid by those who participate in loan fraud is even more costly.

**Potential Consequences of Loan Fraud (non-exclusive list):**

1. Criminal prosecution
2. Loss of License
3. Loss of lender access due to exchange of information between lenders, mortgage insurance companies, investors, law enforcement agencies, and State Licensing Agencies
4. Civil action by CarolCorp, Inc dba Private Mortgage Group.
5. Civil action by applicant/borrower or other parties to the transaction
6. Loss of approval status with CarolCorp, Inc dba Private Mortgage Group.

Broker hereby represents and warrants to CarolCorp, Inc dba Private Mortgage Group its full compliance with this policy and agrees to immediately report suspected loan fraud to CarolCorp, Inc dba Private Mortgage Group.

Broker Company Name: \_\_\_\_\_

\_\_\_\_\_  
Signature of Broker of Record

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature of Principal Officer

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature of Principal Officer

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature of Principal Officer

\_\_\_\_\_  
Date