

LOAN PROCESSING SERVICE AGREEMENT

THIS CONTRACT is entered into as of this _____ day of _____, 2017 by and between MLO Financial Group (The Company) and _____, an Independent Licensed Loan Originator (**L.O.**)
L.O. Individual NMLS ID # : _____ Cell # : _____ Email: _____
L.O.'s Company Name or DBA: _____ NMLS ID #: _____
Address: _____
Office Tel: _____ Fax: _____ Website: _____

The Company provides loan processing service for conventional, FHA and VA mortgage loan applications and submit loan applications to mortgage wholesale lenders for approval and funding under the terms and conditions set forth in this agreement.

1. COMPLIANCE POLICIES

The Company processes loan applications in strict compliance with Federal and State regulations, lending guidelines and requirements required by Fair Housing Act, Equal Credit Opportunity Act and Federal Truth in-Lending Act. In order to provide the disclosures in a timely manner required by the TRID regulations, a signed and dated loan application and all required initial conditions must be received by the loan processor **no later than 3:00 pm** of the day. Loan applications received after 3:00 pm will be processed the following working day. The Company's working days are Monday to Friday from 8:00 am to 5:00 pm. By signing this agreement, Loan Originator agrees to abide by and comply with all State and Federal laws and regulations by providing for each loan file a signed and dated application, the Fair Lending Notice, the Equal Credit Opportunity Act Disclosure, the Privacy Policy Disclosure and all supporting loan documentation.

2. ZERO TOLERANCE FRAUD POLICIES

The Company adapts a very strict "Zero Tolerance Fraud" policy. The Company reserves the right to refuse processing loans suspected to have fraud activities. Examples of some loan fraud activities are described as follows:

- Coaching or advising borrowers to say or do something untruthful.
- White out, altering, fabricating borrowers' documents before uploading to the processing system or e-mailing to the loan processor.
- Intentional misrepresentation on the application.
- Discrepancies in loan documents vs information disclosed on the application.

L.O. understands that fraudulent loans will cause damage to the Company's reputation and subject the Company to costly litigation. L.O. who engages in the loan fraud will face these consequences:

- A. Immediate termination from doing business with the Company.
- B. L.O.'s compensation from the fraudulent loan package will be forfeited to cover litigation costs.
- C. Loss of license with NMLS.
- D. Responsible for all costs from civil action.
- E. Criminal prosecution.

3. LOAN PROCESSING PROCEDURES

To assure the quality and accuracy of the loan files, the Company has established the following processing procedures outlining responsibilities that all loan originators and loan processors are required to follow.

3.1 LOAN ORIGINATOR (L.O.) RESPONSIBILITIES

- L.O. shall follow the Company's processing instructions and procedures.
- L.O. shall thoroughly pre-qualify the borrower(s) for the loan.
- Shall assist Loan Processor to obtain from the borrower(s) all necessary documentation to issue the disclosures, to submit loan to lender and to clear underwriting conditions, within the provided time frame.
- Provides a signed and dated L.O.'s Processing Instructions form (Exhibit A).
- Shall SIGN and DATE the lender's lock request for the final interest rate to order loan documents. NO EXCEPTION.
- Shall REVIEW and SIGN OFF the escrow estimate Closing Disclosure (CD) for the accuracy of all fees prior to order loan docs and prior to loan funding. NO EXCEPTION.
- Agrees to obtain authorization from the borrower(s) to pay directly for all third party's fees for appraisal, Verification of Employment (VOE), HOA Certification and any others.
- Agrees to retain and maintain for **5 years** all documents and communication record for each loan file.
- Allows loan processor to use L.O.'s user id and password to access loan pipeline.

3.2 LOAN PROCESSOR'S RESPONSIBILITIES

- Assembles all documents as required on the Loan Documentation Checklist (Exhibit B).
- Reviews and verifies the accuracy of the loan documents received.
- Reviews the credit report for discrepancies.
- Updates the credit report if necessary. Additional cost for a new credit report will be paid directly by the borrower(s).
- Reviews Fee Worksheet and confirms all the fees with L.O. and escrow officer.
- Issues and e-mails lender's Loan Estimate and Disclosures to borrower(s) and L.O.
- Reviews all pages of lender's disclosures forms are received and correctly signed and dated.
- Re-discloses any necessary documents and disclosures within 48-hours if necessary.
- Co-ordinates with escrow and title company to obtain the Escrow Instructions and Title Preliminary report.
- Reviews Title Report to make sure that the property is free of liens, judgments and that taxes are paid.
- Orders appraisal, survey, termite and other applicable inspections and reports. All fees pertaining to appraisal, inspections and third party's services are to be paid **directly** by the borrowers.
- Reviews appraisal report, appraiser's comments on condition of the subject property. Satisfies appraisal's conditions if any.
- Orders Verifications of Employment, Deposit, Mortgage, Rental, etc., as required.
- Arranges and packages loan file in the specific order set by the Company.
- Registers and submits the loan to lender's loan portal for underwriting, approval and funding.
- Uploads all underwriting conditions to lender's portal.
- Clears underwriting conditions.

- Locks the rate approved by L.O.
- Orders loan documents for signing.
- Co-ordinates escrow and borrower(s) in signing and closing loan.
- Verifies recording and requests for escrow final Closing Disclosure (CD).
- Loan Processor is required to shred and destroy any and all **duplicate** documents.
- Loan Processor will maintain each individual broker's files in strict confidence and under lock.
- Updates daily L.O with the status and the process of the loan file.
- Informs L.O. on any discrepancies between the documents received and the information disclosed on the application.
- Loan processor shall obtain the L.O.'s username and password for related processing service and shall utilize such access **ONLY** for the processing purpose.
- Loan Processor acknowledges that the loan applications provided by the L.O. and all related records and documents are the sole possession of the L.O.
- Loan Processor who fails to report fraud activities to the Management will be immediately terminated from employment.

4. COMMUNICATION POLICIES

The Company establishes E-Mail as the mandated form of communication between L.O., loan processor and the borrower(s). All communication by phone shall be followed or confirmed by emails.

4.1 Communication with borrower(s).

The Company prohibits Loan Processor :

- To communicate by phone directly with the borrower(s). Loan Processor is not allowed to call directly and will not under any circumstances or with any reasons be allowed to accept phone calls from the borrower(s).
- Loan Processor is strictly prohibited from discussing loan interest rate and loan program with the borrower(s) over the phone.
- Loan Processor is allowed to communicate with the borrowers **ONLY by emails** to obtain necessary loan documentation required to submit the loan and to clear underwriting conditions.
- Loan processor will not solicit any of the applicants submitted for processing nor transfer any information without written consent from the borrower(s) and the L.O.

4.2. Communication between L.O. and Loan Processor.

L.O and Loan Processor are allowed to communicate with each other by emails or by phones. All phone conversations shall be followed and summarized by an email.

5. PROCESSING FEE

The Company's processing fee will be:

- **\$750.00** per each loan application package of 1 to 2 borrowers.
- **\$950.00** per each loan application package of 3 or more borrowers.

L.O. and the borrower(s) agree that the Company's processing fee per this agreement is to be included on the Loan Estimate and Closing Disclosure and to be paid directly through the closing agent at the settlement as a **Third Party Fee**.

The Company has no responsibility to collect nor to pay for other third party fees, i.e appraisals, HOA, home inspections, Verification of Employment (VOE), form 4506-T and any other miscellaneous fees

incurred during the processing of the loan. These third parties' fees are to be paid by the borrower(s) upfront before the services are rendered by the requesting party.

6. TERM

Any and all loans submitted to the Company for processing by L.O. are subject to this agreement. This agreement is to be considered the complete and final agreement between the parties.

Changes made to this agreement will not void the entire agreement and the parties agree to abide by any parts of this agreement until terminated by either party as described in Section 7 below.

7. TERMINATION

TERMINATION of this agreement is applicable only after all L.O.'s loans that are in processing are funded and closed.

Loan Originator

MLO Financial Group

Date

Date

Signature

Signature

Printed Name

Printed Name

Title

Title