

## LOAN PURCHASE AND SALE AGREEMENT

This Loan Purchase and Sale Agreement (the "Agreement") made this \_\_\_\_ day of \_\_\_\_\_, 2011 by and among \_\_\_\_\_, a \_\_\_\_\_ (describe entity), having its principal office at \_\_\_\_\_ (the "Seller") and **Freedom Mortgage Corporation, a New Jersey corporation** (the "Buyer").

**WHEREAS**, the Seller is engaged in the business of originating loans secured by first mortgages or deeds of trust on 1-4 family residential dwellings and, from time to time hereafter, wishes to sell the loans, including the servicing rights thereto (hereinafter referred to individually as a "Loan" and collectively as "Loans"), to Buyer;

**WHEREAS**, subject to the provisions hereof, the Buyer wishes to purchase Loans from time to time from the Seller;

**NOW, THEREFORE**, in consideration of the foregoing and of the mutual promises and undertakings set forth in this Agreement, the parties hereto agree as follows:

**Section 1. Loan Purchases.** Pursuant to the terms hereof, from time to time hereafter, the Buyer hereby agrees to purchase Loans from the Seller and the Seller hereby agrees to sell Loans to the Buyer. The Loans and the loan purchase transactions entered into hereunder shall conform with all applicable provisions and requirements of: (i) this Agreement, (ii) the Buyer's policy manual (the "Manual"), (iii) the program announcements issued by the Buyer and sent to the Seller from time to time hereafter ("Announcements"), and (iv) the loan commitment ("Commitment") which the Buyer will issue to the Seller each time the Buyer desires to purchase a Loan or Loans. (The Agreement, the Manual, the Announcements and the Commitment, each as may be amended or revised from time to time hereafter, are hereinafter collectively referred to as the "Contract Documents.") The Buyer reserves the right to amend or modify the Contract Documents from time to time hereafter in its sole and absolute discretion, and shall provide the Seller with copies of all amendments and modifications thereto. Any such amendment or modification will not apply to any Loan for which a Commitment has been issued prior to the effective date of such amendment or modification.

### **Section 2. Buyer's Commitment**

If the Seller desires to sell a Loan(s) to the Buyers, the Seller shall register the Loan(s) with the Buyer, as described in the Contract Documents. If the Buyer wishes to purchase the registered Loan(s), the Buyer will issue a Commitment to the Seller to purchase the Loan(s). Upon the issuance of a Commitment, and subject to the terms and conditions of the Contract Documents, the Buyer shall be obligated to purchase the Loan(s) from the Seller and the Seller shall be obligated to sell the Loans(s) to the Buyer.

**Section 3. Purchase Price.** The purchase price for various types of Loan is set forth in Exhibit A hereto and, for a particular loan, shall be set forth in the Commitment, as adjusted in the manner described in the Contract Documents. The purchase price for any Loan shall be paid to the Seller upon receipt and approval by the Buyer of the loan file as outlined in the Contract Documents for the purchased Loan (a "Loan File").

**Section 4. Underwriting.** The Buyer's obligation to purchase any Conventional Loan is conditioned upon the approval of such Conventional Loan by: (a) a contract underwriter designated by the Buyer or, (b) one of Seller's underwriters, if Seller is expressly approved by Buyer for delegated underwriting. The underwriter shall underwrite the Conventional Loan in accordance with the underwriting standards set forth in the Contract Documents.

**Section 5. Seller's General Representations and Warranties.** The Seller hereby represents and warrants, as of the date hereof and as of the date of the issuance of each Commitment, as follows:

(a) The Seller is a financial institution which is supervised or examined by a federal or state authority, or is a Federal Housing Administration ("FHA")-approved mortgagee and/or an approved Federal National Mortgage Association ("FNMA") or Federal Home Loan Mortgage Corporation ("FHLMC") Seller/Service.

(b) The Seller is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, and has the corporate power and authority to perform its obligations under this Agreement.

(c) The Seller holds all applicable federal, state and other licenses (including, without limitation, a real estate broker license), authorizations and approvals, including, without limitation, the authorizations and approvals of FHA, Department of Veterans Affairs ("VA"), FNMA, FHLMC and Government National Mortgage Association ("GNMA"), as

are reasonably necessary to perform its obligations under this Agreement in compliance with applicable law and secondary market requirements, and is not in violation of any of the requirements of any such licenses, authorizations and approvals.

(d) The execution, delivery and performance of this Agreement (including all instruments of transfer to be delivered pursuant to this Agreement) have been duly and validly authorized by all requisite action on the part of the Seller, and if the Seller is a depository institution, this Agreement will be maintained in the Seller's official records. The consummation of the transactions contemplated by this Agreement are in the ordinary course of business of the Seller, and the transfer, assignment and conveyance of the notes and mortgages relating to the Loans by the Seller pursuant to this Agreement are not subject to bulk transfer or any similar statutory provisions in effect in any applicable jurisdiction.

(e) This Agreement is the legal, valid and binding obligation of the Seller, enforceable against it in accordance with its terms, except as such enforcement may be limited by applicable liquidation, conservatorship, bankruptcy, insolvency, rearrangement, moratorium, reorganization or similar debtor relief laws affecting the rights of creditors generally.

(f) There is no proceeding, action, investigation, or litigation pending or, to the best of the Seller's knowledge, threatened against the Seller which, individually or in the aggregate, may have a material adverse effect on this Agreement or on any action taken or to be taken in connection with the Seller's obligations contemplated herein, or which would be likely to impair materially its ability to perform under the terms of this Agreement.

(g) No consent, approval, authorization or order of, registration or filing with, or notice to, any governmental authority or court is required (except with respect to the recordation of the assignment of the mortgages or deeds of trust) under federal laws, or the laws of any jurisdiction, for the execution, delivery and performance of, or compliance by the Seller with, this Agreement or the consummation of any other transaction contemplated hereby.

(h) All information and documentation given to the Buyer by the Seller or its agents, both in connection with the approval of the Seller to enter into this Agreement and thereafter, was or will be true and correct as of the date it was or is given and the Seller will promptly inform the Buyer of any material change involving any previously submitted information or documentation.

(i) No representation, warranty or written statement made by or on behalf of the Seller in this Agreement, or in any schedule, exhibit, report, written statement, certificate or other document furnished by the Seller in connection with the transactions contemplated herein contains or will contain any untrue statement of a material fact or omits to state a material fact to make the statements contained herein or therein not misleading.

**Section 6. Seller's Loan Representations and Warranties.** The Seller hereby further represents and warrants as follows, with respect to each Loan sold to the Buyer by it, as of the date of the delivery of loan:

(a) The Loan was originated by the Seller or by a subsidiary of the Seller or by a HUD loan correspondent sponsored by the Seller, unless otherwise permitted in the Contract Documents or provided in Exhibit A hereto. All parties originating Government Loans are fully approved by HUD to conduct the origination activities performed.

(b) The Loan was originated, closed and transferred to the Buyer in full compliance with all federal, state and local laws and regulations, including, without limitation, the Real Estate Settlement Procedures Act, Truth-in-Lending Act, Equal Credit Opportunity Act, Fair Housing Act, Home Mortgage Disclosure Act, Soldiers' and Sailors' Relief Acts and other consumer protection and applicable disclosure requirements. The Loan and the loan purchase transaction to be consummated in connection therewith conform with all applicable provisions and requirements of the Contract Documents.

(c) Each Government Loan conforms with all applicable FHA or VA underwriting, lending, selling and servicing requirements and with all GNMA requirements for the inclusion of the Loan in a GNMA MBS pool, and the Seller will comply with all documentation requirements of the Buyer and the document custodian within the time limitations described in the Contract Documents. If a Commitment requires the Loan to be FHA-insured, the Loan is fully eligible for FHA insurance and is, or within 120 days after disbursement of the proceeds by the Seller will be, fully insured by the FHA. If a Commitment requires the Loan to be guaranteed by the VA, the Loan is fully eligible for VA guaranty, and is, or within 120 days after disbursement of the proceeds by the Seller will be, fully guaranteed by the VA.

(d) Each Conventional Loan (all Loans, including Jumbo Loans, other than Government Loans) conforms with all applicable requirements of the Agencies or applicable Investor, including, but not limited to, all requirements for the inclusion of such Conventional Loans in the FHLMC Guarantor Program and/or the FNMA Mortgage-Backed Security Loan Program, and each Conventional Loan conforms with all pooling requirements of the Agency or Investor. The Seller

will comply with all documentation requirements of the Buyer and the document custodian within the time limitations described in the Contract Documents. If a Commitment requires the Loan to be insured by a policy of private mortgage insurance, the Loan is fully eligible and qualified to be insured by such policy of private mortgage insurance, such policy is in full force and effect, and no event or condition exists which could give rise to or result in a revocation of or defense to the policy.

(e) Immediately prior to the transfer and assignment of the Loan to the Buyer, the Seller was the sole owner of each Loan, with good and marketable title to the Loan, and had the full right, title and authority, subject to no interest or participation of, or agreement with, any other party (other than a warehouse lender whose identity has been made known to Buyer), to sell, transfer and assign the Loan(s) to the Buyer, and there has been no other sale, transfer, or assignment of security interest granted by the Seller to any other party, nor are there any other restrictions limiting the transfer of the Loan.

(f) The payment due date of the Loan is the first day of the month, interest on the Loan is computed in arrears with payments (which may be reset periodically) sufficient to fully amortize the Loan by the stated maturity date over an original term of either fifteen (15) years or thirty (30) years from commencement of amortization. The late charge on a Conventional Loan is the lesser of five (5) percent of the monthly principal and interest payment or the amount permitted under state law and the late charge on a Government Loan is the lesser of four (4) percent of the full monthly payment or the amount permitted under state law. The borrower is required to make monthly escrow payments for real estate taxes and insurance premiums unless restricted by law in the state where the Loan was originated.

(g) The proceeds of the Loan have been fully disbursed, there is no requirement for future advances thereunder, any and all requirements as to completion of any on-site or off-site improvements have been complied with, any disbursements of any completion escrow funds have been made, all costs, fees and expenses incurred in making or closing the Loan and recording the mortgage or deed of trust have been paid, the mortgage insurance premium or the VA Guaranty fee has been paid as applicable, and the mortgagor is not entitled to any refund of any amounts paid or due under the note or the mortgage or deed of trust.

(h) As of the date of delivery of the Loan File, the Loan is current and all payments have been made within the month such payments were due. To the best of the Seller's knowledge, there is no default, breach, violation or event of acceleration existing under the mortgage or deed of trust or the note and no event which, with the passage of time or with notice and the expiration of any grace or cure period, would constitute a default, breach, violation or event of acceleration under the mortgage or deed of trust or the note.

(i) As of the date of purchase of the Loan, there is no offset, defense or counterclaim to the note or mortgage or deed of trust, including the obligation of the mortgagor to pay the unpaid principal and interest on such note. As of the date of purchase of the Loan, there are no mechanics' liens or claims, which could affect the lien priority of the mortgage or deed of trust relating to the Loan.

(j) As of the date of purchase of the Loan, there is no delinquent tax or assessment lien against the property securing the Loan, and the Seller has paid all property tax bills which are or will become due within 30 days of the date of delivery of the Loan File to the Buyer.

(k) The Seller has not, and to the best of the Seller's knowledge no person has, advanced any funds for and on behalf of a mortgagor for the purpose of enabling the mortgagor to make any required payments of principal or interest on the Loan, or any tax, insurance, special assessment, sewer, utility or similar payments with respect to the property securing the Loan, and no subordinate financing was used in the mortgagor's acquisition of the property securing the Loan other than subordinate financing fully disclosed to Buyer prior to Commitment and acceptable to FNMA, FHLMC, GNMA, HUD, VA or applicable Investor pursuant to their requirements in effect at the time of purchase of the Loan by the Buyer.

(l) The origination and collection practices used with respect to the Loan comply with the terms of the Contract Documents, and have been, in all respects, legal and proper. With respect to escrow payments, all such payments are in the possession of the Seller and there exists no deficiencies in connection therewith, for which customary arrangements for repayment thereof have not been made. No escrow payments or other charges or payments due the Seller have been capitalized under the mortgage or deed of trust or the note.

(m) There is no pending litigation and, to the best of the Seller's knowledge, no threatened litigation, which may affect in any way, by attachment or otherwise, the title or interest of the Seller in and to the Loan, the property securing the Loan, or any related note or security instrument.

(n) The note and the mortgage or deed of trust are genuine and each is the sole legal, valid and binding obligation of the maker thereof, enforceable in accordance with their respective terms. All parties to the note and the mortgage or deed of trust had the legal capacity to execute and deliver the note and the mortgage or deed of trust, and the note and the mortgage or deed of trust have been duly and properly executed by such parties. The note is not and has not been secured by any collateral except the mortgage or deed of trust.

(o) The terms of each note and mortgage or deed of trust have not been impaired, waived, altered or modified in any respect, except by a written instrument which has been recorded, if necessary, to protect the interest of the Buyer. The substance of any such waiver, alteration or modification has been approved by the issuer of any related private mortgage insurance policy and the title insurer, to the extent required by the title insurance policy. No mortgagor has been released, in whole or in part, except in connection with an assumption agreement approved by the issuer of any related private mortgage insurance policy and the title insurer to the extent required by the policy.

(p) The mortgage or deed of trust contains a provision for the acceleration of the payment of the unpaid principal balance of the note in the event that the property securing the Loan is sold or transferred without the prior written consent of the mortgagee thereunder, unless otherwise permitted in accordance with the terms of the Contract Documents.

(q) The mortgage or deed of trust has not been satisfied, canceled, subordinated or rescinded, in whole or in part, and the property securing the Loan has not been released from the lien of the mortgage or deed of trust, in whole or in part, nor has any instrument been executed that would effect any such release, cancellation, subordination or rescission, except as permitted by FNMA, FHLMC, GNMA, VA, FHA or Investor applicable guidelines and except which does not materially and adversely affect the value of the property securing the Loan.

(r) In the event the Loan is secured by a deed of trust, a trustee, duly qualified under applicable law to serve as such, has been properly designated and currently so serves and is named therein, and no fees or expenses are or will become payable by the Buyer to the trustee under the deed of trust, except in connection with a trustee's sale after default by the mortgagor.

(s) Each mortgage or deed of trust is a valid first lien on the property securing the Loan and is insured by (i) an American Land Title Association ("ALTA") lenders' loan title insurance policy issued by an underwriter acceptable to the Buyer or (ii) the type of policy uniformly acceptable where ALTA policies are not available, which policy is subject only to the lien of current real estate taxes and assessments, and covenants, conditions and restrictions, rights of way, easements and other matters of public record as of the date of recording of such mortgage or deed of trust, such exceptions appearing of record and being acceptable to mortgage lending institutions generally or specifically reflected in the survey of the property securing the Loan. The title insurance policy relating to the Loan is in full force and effect and will be in force and effect upon the consummation of the transactions contemplated by this Agreement. No claims have been made under such title insurance policy.

(t) The property securing the Loan consists of a single parcel of real property with a detached single family residence erected thereon, or a two-to-four-family dwelling, an individual condominium unit, or an individual unit in a planned unit development. Such property meets the criteria for eligible property described in the Contract Documents.

(u) The property securing the Loan is occupied by the mortgagors unless otherwise authorized in Exhibit A of this Agreement, and is free of damage, waste and environmental hazards; the property and its improvements are not in violation of any applicable zoning law or regulation, and there is no proceeding pending for the total or partial condemnation thereof.

(v) The property securing the Loan is insured by a hazard insurance policy meeting the standards as described in the Contract Documents, is issued by an insurer acceptable to the Buyer, and names the Buyer, in the mortgagee clause. The mortgage or deed of trust obligates the mortgagor thereunder to maintain the hazard insurance policy at the mortgagor's cost and expense, and on the mortgagor's failure to do so authorizes the holder of the mortgage to obtain and maintain such insurance at such mortgagor's cost and expense, and to seek reimbursement therefor from the mortgagor. The Seller has not engaged in, and has no knowledge of the mortgagor's having engaged in, any act or omission which would impair the coverage of any such policy, the benefits of the endorsement provided for herein, or the validity and binding effect of the policy. If the property is located in a flood hazard area, the property is insured by a flood insurance policy, and all federal, state and local requirements with respect to both hazard and flood insurance have been complied with in all material respects.

(w) No action, error, omission, misrepresentation, negligence, fraud or similar occurrence with respect to the Loan has taken place on the part of any person, including, without limitation, the mortgagor, any appraiser, any builder or

developer or any party involved in the origination of the Loan or in the application for any insurance relating to such Loan that might result in a denial, failure or impairment of full and timely coverage under any insurance policies required to be obtained or any pool insurance policy covering the Loan.

(x) The appraiser for the Loan was duly licensed or certified under the applicable law where the Loan was originated, and for each Government Loan was acceptable to the FHA or VA, as applicable, and for each Conventional Loan was acceptable to FNMA, FHLMC or the Investor, as applicable. The Seller will maintain documentation evidencing each appraiser's qualification and licensing or certification, which will promptly be provided to the Buyer upon request.

(y) The appraisal used in connection with the origination of the Loan was ordered, performed and rendered in accordance with the requirements of all laws and regulations relating to the origination of the Loan and the purchase of the Loan by the Buyer, including, but not limited to, the provisions of the Financial Institution Reform, Recovery and Enforcement Act.

(z) Except as set forth in the Contract Documents, all improvements that were included in the determination of the appraised value of the property securing the Loan lie wholly within the boundaries and building restriction lines of the property, and no improvements on adjoining properties encroach upon the property securing the Loan.

(aa) With respect to a Conventional Loan with an original principal balance in excess of the amount which would permit such Loan to be eligible for a FHLMC or FNMA program (a "Jumbo Loan"), there are no circumstances or conditions with respect to (i) the mortgage or deed of trust relating to such Jumbo Loan, (ii) the property securing such Jumbo Loan, (iii) the mortgagor or (iv) the mortgagor's credit standing, that may result in any applicable private Investor to regard such Jumbo Loan as an unacceptable investment, cause such Jumbo Loan to become delinquent, or adversely affect the value or marketability of such Jumbo Loan.

#### **Section 7. Loan Repurchase.**

(a) In addition to any other remedies to which Buyer may be entitled, Seller agrees to repurchase any Loan upon demand in the following circumstances:

- (i) the Seller breaches any representation, warranty or covenant in this Agreement, or a Loan otherwise fails to conform with the applicable requirements for such Loan as set forth in the Contract Documents;
- (ii) a complete Loan File is not submitted to the Buyer within 120 days from the disbursement date of the Loan, which Loan File contains all of the documents required by the Contract Documents;
- (iii) a loan documentation problem exists which occurred prior to the date the Loan File was delivered to the Buyer, regardless of when the defect was discovered;
- (iv) if a borrower fails to pay any of the first four installments of principal and interest payable to Buyer following sale to Buyer, and such default continues for a period of ninety days;
- (v) any Agency or any other Investor to whom the Buyer sells a Conventional Loan or related security requires the Buyer to repurchase such Conventional Loan.

(b) In the event of a repurchase demand from an Agency or Investor, the Seller may, within 15 days of receiving notice of Agency's demand, ask the Buyer to submit further information to the Agency and to request that the Agency or Investor reconsider its repurchase request. The Buyer may make such request unless the Buyer believes in good faith that there is no basis to request reconsideration or that such request would be injurious to its business relationship with the Agency or Investor. The Buyer's determination with respect to any such submission shall be final.

(c) The repurchase price for any Loan repurchased pursuant to this Section 7 shall be the purchase price paid by the Buyer or the price Buyer is required to pay to repurchase the Loan from the Agency or Investor, whichever is higher, plus any Gross Premium paid by the Buyer to Seller, and any accrued interest and other amounts which the Buyer has been required to advance on the Loan. The Loan shall be repurchased by the Seller no later than ten (10) business days after the receipt by Seller of a written demand to repurchase. The Buyer may, at its option, withhold the payment of the Gross Premium portion of the Loan purchase price for subsequent Loans until such time as the Seller has complied with all outstanding demands for repurchase and provided all delinquent loan documentation.

(d) In the event that any Loan purchased by Buyer hereunder is refinanced by the Seller's direct origination or the Seller's authorized third party, within 180 days of the date such Loan was purchased by the Buyer, the Seller hereby agrees to repay to the Buyer the Gross Premium portion of the purchase price paid by the Buyer.

(e) The Buyer may elect, in its sole discretion, to waive this repurchase requirement upon such terms and conditions as the Buyer may establish, provided however, that any such election by the Buyer as to such waiver shall not be deemed a waiver of the Buyer's right to enforce the provisions of this Section 7 as to any other Loan.

**Section 8. Liquidated Damages for Failure of Delivery.** If the Seller fails to deliver a Loan to the Buyer within the time requirements applicable to the Loan as set forth in the Contract Documents, the Seller shall pay to the Buyer, as liquidated damages, in addition to such other amounts as may be due to the Buyer under other sections of this Agreement, that amount which is described in the Contract Documents. Such amount shall be paid to the Buyer not later than ten (10) business days after receipt of written demand therefor by the Seller.

**Section 9. Indemnification.**

(a) The Seller hereby agrees to indemnify and hold the Buyer and its officers, directors, employees and representatives harmless against any and all claims, losses, expenses, costs, obligations and liabilities, including reasonable attorney's fees and expenses, which result or arise from the breach of any representation or warranty of the Seller, or default in the performance of any covenant of the Seller, contained in this Agreement. The Seller further agrees to indemnify and hold the Buyer and its officers, directors, employees and representatives harmless against any and all claims, losses, expenses, costs, obligations and liabilities, including reasonable attorney's fees and expenses, resulting from: (i) any Loan that fails to conform with the applicable requirements established by the Buyer, (ii) the Seller's failure to deliver the Loan File within the time period required by the Contract Documents, (iii) a Loan that is not eligible for sale or pooling by the Buyer, (iv) the default by any Approved Dealer on a mandatory delivery commitment assigned by the Seller to the Buyer, or (v) the origination or servicing (prior to transfer of servicing to the Buyer) of the Loan, including, but not limited to, losses incurred from the withdrawal or reduction of insurance by the FHA, VA or any mortgage insurance company on any Loan, losses resulting from the violation of any local, state or federal law, losses caused by errors in servicing, and losses resulting from missing or incorrect loan documentation.

(b) The Buyer hereby agrees to indemnify and hold the Seller and its officers, directors, employees and representatives harmless against any material breach by the Buyer of this Agreement, or any gross negligence or willful misconduct in connection with the Buyer's servicing of the Loan.

(c) Promptly upon receipt of notice of any claim, demand or assessment from a third party or the commencement of any suit, action or proceeding by a third party in respect of which indemnity may be sought on account of an indemnity agreement contained in this Section 9, the party seeking indemnification (the "Indemnitee") will give written notice thereof, within sufficient time to respond to such claim or answer or otherwise plead in such action, and in any event within thirty (30) days after receipt of such notice, to the party from whom indemnification is sought (the "Indemnitor"). Except to the extent that the Indemnitor is prejudiced thereby, the omission of such Indemnitee so to notify promptly the Indemnitor of any such claim or action shall not relieve such Indemnitor from any liability which it may have to such Indemnitee in connection therewith on account of the indemnity agreement contained in this Section 9. In case any claim, demand or assessment shall be asserted or suit, action or proceeding commenced against an Indemnitee, it shall promptly notify the Indemnitor of the commencement thereof, the Indemnitor will be entitled to participate therein, and, to the extent that it may wish, to assume the defense, conduct or settlement thereof, with counsel approved by the Indemnitee (which approval will not unreasonably be withheld). After notice from the Indemnitor to the Indemnitee of its election so to assume the defense, conduct or settlement thereof and provided the Indemnitor proceeds diligently and fulfills its obligations to defend and pay the cost thereof and keeps Indemnitee informed of the progress thereof, the Indemnitor will not be liable to the Indemnitee for any legal or other expenses subsequently incurred by the Indemnitee in connection with the defense, conduct or settlement thereof.

(d) With respect to claims for indemnity hereunder by the Buyer or the Seller not related to claims by third parties, no party shall have any liability hereunder for any breach of warranty or for misrepresentation, except to the extent written notice thereof shall be given to the Indemnitor within a reasonable period of time after the party seeking indemnity has actual knowledge thereof. The Indemnitor shall respond to any such claim in writing within ten (10) business days, or as soon thereafter as practicable, which response shall set forth (i) the extent to which such claim is conceded, (ii) the extent to which such claim is disputed, both as to subject matter and amount, and (iii) the basis for disputing any such claim.

**Section 10. Buyer's Right of Offset.** In addition to those rights set forth in section 7(c) hereof, in the event that the Seller fails to pay the Buyer any sums which are owed to the Buyer by the Seller pursuant to the terms of this Agreement or any other loan purchase agreement between the Seller and Buyer (including Buyer's predecessors and affiliates), the Buyer shall be

permitted to offset such sums from any amounts which are due or become due to the Seller pursuant to the terms of this Agreement.

#### **Section 11. Termination.**

(a) The Buyer may, in its sole discretion and upon seven (7) days' prior written notice to the Seller, terminate its obligations hereunder without liability whatsoever to the Seller or any other person for claims, losses, expenses, costs, obligations and liabilities arising directly or indirectly therefrom. In the event of such termination, the Seller shall nevertheless deliver to the Buyer all Loans for which Commitments have been issued by the Buyer. Such termination shall not affect the Seller's duties and obligations with regard to any Loans purchased by the Buyer prior to the date of termination.

(b) The Buyer may, in its sole discretion, immediately terminate its obligations hereunder without liability whatsoever to the Seller or any other person for claims, losses, expenses, costs, obligations and liabilities arising directly or indirectly therefrom, in the event of the Seller's breach of any representation or warranty or default in the performance of any covenant in this Agreement or in any other loan purchase agreement between the Seller and Buyer (including Buyer's predecessors and affiliates). In the event of termination pursuant to the terms of this Section 11(b), the Buyer may, at its option, either: (i) refuse to accept delivery of any additional Loans for which Commitments have been issued, or (ii) require the Seller to deliver the additional Loan(s) which the Buyer has committed to purchase and withhold the payment of any Net Premium for such Loan(s) until such time as the Seller has fully performed all of its duties and obligations as to all Loans sold to the Buyer hereunder.

#### **Section 12. Miscellaneous Covenants.**

(a) All demands, notices and communications hereunder shall be in writing and be deemed to have been given if mailed or delivered to the applicable party at the address shown on the first page of this Agreement, or such other address as may hereafter be furnished to the other parties by like notice.

(b) This Agreement shall supersede and replace any prior written or oral agreement between the parties concerning the purchase of Loans by the Buyer, although any such Loans purchased by the Buyer from the Seller prior to the date of this Agreement shall continue to be governed by the terms of any prior agreement pertaining thereto. No term or provision of this Agreement may be waived or modified unless in writing and agreed to by all parties hereto.

(c) The Seller shall not assign its interest in this Agreement without the prior written consent of the Buyer. Buyer may assign its interest in this agreement without the consent of the Seller.

(d) This Agreement shall be construed in accordance with and governed by the laws of the State of New Jersey applicable to contracts made and to be performed therein without regard to the principles of conflict of laws. The parties agree that venue for any dispute arising hereunder shall be state or federal court in Burlington County, New Jersey.

(e) Nothing herein contained shall be deemed or construed to create a partnership or joint venture between the parties hereto, and the Seller shall not represent that it is the Buyer's agent for any purpose.

(f) The Seller shall, from time to time hereafter, upon request of the Buyer and without further consideration, do, execute, acknowledge, and deliver or cause to be done, executed, acknowledged, and delivered, all such further acts, deeds, assignments, documents, instruments, transfers and assurances as the Buyer may reasonably request to confirm and perfect the Buyer's right, title, and interest in and to, and possession of, the Loans and the Loan Files. With respect to any Government Loan, upon request, the Seller shall provide the Buyer with copies of the case binder submitted to the FHA or the insuring package submitted to the VA, as the case may be. In the event Seller fails to deliver timely to Buyer documents necessary for Buyer to have custody of complete Loan Files, or if Buyer otherwise deems itself insecure with the prospect of obtaining such follow-up documents (*e.g.*, assignments, registered deeds, insurance application packages, mortgage insurance certificates) timely from Seller, Buyer has the right hereunder to present itself during business hours, upon reasonable notice, at the offices of Seller and retrieve into Buyer's custody such documents.

(g) All representations, warranties and covenants on the part of the Seller contained in this Agreement or given pursuant hereto shall survive any termination of this Agreement and the closing of the loan purchase transactions herein contemplated and shall remain in full force and effect, regardless of such termination or the closing dates of said transactions.

(h) Capitalized terms used herein but not otherwise defined shall have the meanings ascribed to such terms in the Contract Documents. Section heading names are for convenience only.

(i) The Seller will provide the Buyer with annual audited financial statements within 90 days after the Seller's fiscal year-end prepared by independent certified public accountants in accordance with generally accepted accounting principles, and with such other financial information as is reasonably requested by the Buyer in connection with the purchase of Loans from the Seller pursuant to this Agreement.

(j) The Seller will maintain a quality control system acceptable to the Buyer, in its sole discretion, and will promptly provide to the Buyer upon request copies of all internal and external reports relating to Loans purchased by the Buyer pursuant to this Agreement.

(k) The Seller will maintain in full force, as described in the Contract Documents, errors and omissions and fidelity bond insurance coverage in such amount as the Buyer shall reasonably require to indemnify the Buyer from any loss or damage incurred in connection with the transactions contemplated by this Agreement and shall provide evidence of such coverage to the Buyer annually.

(l) Upon reasonable notice and during regular business hours, the Seller hereby agrees to allow the Buyer to review all of the books and records of the Seller relating to Loans purchased under the Agreement.

**Section 13. Several Obligations.** Notwithstanding any provision in this Agreement or the Contract Documents to the contrary, the rights, remedies, benefits, duties and obligations of Buyer and any of its affiliates hereunder are several and not joint and several. Buyer does not assume any obligations or duties of any of its affiliates with respect to any Loans purchased by any such affiliate from the Seller either prior to or after the date of this Agreement.

**IN WITNESS WHEREOF**, the parties have executed this Agreement in duplicate as of the day and year first above written.

**SELLER**

**BUYER**

**FREEDOM MORTGAGE CORPORATION**

By: \_\_\_\_\_

By:

**Les Acree**

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

Title: **Senior Vice President**



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## EXHIBIT A

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**Lender Name**

**Date**

The following items amend and modify specific terms outlined in the Loan Purchase and Sale Agreement with Freedom Mortgage Corporation as Buyer. These items will be reviewed on a periodic basis and may be modified by the Buyer. Such modification will be in the form of a revised exhibit A that will be sent to the Seller and incorporated into the Loan Purchase and Sale Agreement.

Pricing:	The pricing for government and conventional products shown on the daily rate sheets posted on the website and includes any servicing released premium. There are no additional schedules.
Limit of outstanding commitments:	\$5,000,000
Repurchase Limitation:	Buyer must notify Seller within twelve (12) months of the purchase date of any Loan of borrower's failure to make any of the first four (4) non-financed payments when such failure has not been cured within 90 days of the payment due date. If Buyer does not notify Seller of a borrower payment default within twelve (12) months of the purchase date of the Loan, then Seller shall not have any repurchase obligation for borrower's failure to make any of the first four non-financed (4) payments when due.

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## Effective Dates

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This Exhibit A is effective for all loans committed on or after \_\_\_\_\_.

This executed Exhibit A must be received by Buyer no later than \_\_\_\_\_ otherwise said Exhibit shall be deemed by Buyer as null and void.

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The parties hereto agree to the terms and conditions as set forth in this Exhibit A and acknowledge agreement with said terms and conditions on the \_\_\_\_\_ day of \_\_\_\_\_, 2011

By:

\_\_\_\_\_  
Seller

\_\_\_\_\_  
Buyer