

American Pioneer Financial Services, Inc.

LOAN BROKER APPLICATION

(A Minimum of One Year of Experience is required as a Loan Broker)

Complete Broker Name: _____ APFS Account Executive: _____

Parent Company (if applicable): _____

Please list all licensed dba's: _____

Street Address: _____ City: _____ State: _____ Zip: _____

Primary Contact Phone Number: () _____ Primary Contact Fax Number: () _____

Type of Organization: _____ Date incorporated: _____ Tax I.D. # _____

Loan Broker State Lending Area(s): _____

If closely held, list owners (25% or more ownership) showing relative ownership and position:

Name:	Position:	Percentage:
_____	_____	_____ %
_____	_____	_____ %

Number of full-time Employees: _____ Number of Branches: _____ List Address, Phone Number and Branch Manager on a separate sheet.
 (On a separate sheet, please list all loan officers [loan origination staff] and any additional licensed staff for each branch along with their license numbers and license expiration dates)

Please check the appropriate boxes if you are approved by any of the following organizations?

<p>YES NO <input type="checkbox"/> <input type="checkbox"/> FHA Approved # _____ <input type="checkbox"/> FHA Delegated <input type="checkbox"/> Correspondent</p>	<p>YES NO <input type="checkbox"/> <input type="checkbox"/> FHLMC Seller/Service # _____</p>
<p><input type="checkbox"/> <input type="checkbox"/> VA Approved # _____ <input type="checkbox"/> VA Automatic <input type="checkbox"/> Correspondent</p>	<p><input type="checkbox"/> <input type="checkbox"/> FNMA Seller/Service # _____</p>
<p><input type="checkbox"/> <input type="checkbox"/> Affinity or MARI Corporation (Quality Control check) # _____</p>	

Section II - LIST NAME, TITLE AND SOCIAL SECURITY NO. OF ALL COMPANY OFFICERS
 (For LLC's & 'S' Corporations: A resume must be provided for each officer & employee listed in Section II & III at the time of application)

Name _____	Title _____	SS# _____
Name _____	Title _____	SS# _____
Name _____	Title _____	SS# _____

Section III - PLEASE PROVIDE THE FOLLOWING NAMES & PHONE NUMBERS (IF AVAILABLE)

Underwriting Supervisor: _____	Tel: () _____	Fax: () _____
Shipping Supervisor: _____	Tel: () _____	Fax: () _____
Pricing Changes: _____	Tel: () _____	Fax: () _____
Loan Repurchase/Premium: _____	Tel: () _____	Fax: () _____
Requests: _____	Tel: () _____	Fax: () _____

Section IV - RESPOND TO THE FOLLOWING QUESTIONS

Has your company ever been suspended or terminated from selling mortgages by any investor? Yes No
 If yes, please explain _____

Has your company ever been denied, suspended, or disqualified by Fannie Mae, Freddie Mac, HUD or VA? Yes No
 If yes, please explain. _____

Has your company ever been denied, suspended, or disqualified by any PMI companies? Yes No
 If yes, please explain. _____

Is the company or any officers of the company currently involved in any lawsuit or litigation that could affect the company's capacity to perform under this agreement? Yes No If yes, give details and provide estimate of potential liability through an adverse ruling (attach to application)

Section V - AUTHORIZATION

By executing this application, Broker and each of the above named officers, employees, and or independent contractors of broker, and any of their account executives do hereby authorize American Pioneer Financial Services, Inc. [APFS] (d.b.a. LowratesLender) to obtain positive identification of information the Broker provided in this application and to obtain, business reference reports (no credit reports will be run), and any other information that is of concern to APFS. Broker acknowledges that such reports and information will be obtained and used only in connection with LowratesLender's approval of Broker and any ongoing evaluation of Brokers eligibility to do business with APFS and not for any consumer credit or other purpose. LowratesLender agrees that any financial information provided by the applicant will be treated as confidential and will not be released to any third party unless officially requested in writing by Federal, State, County, City, and or Regulatory authority. Furthermore, by executing this agreement, broker, officers and employees of the broker, independent contractors of the broker, and their account executives authorize APFS to perform due diligence in respect to any/all aspects of their relationship with the Broker and APFS as indicated above. In addition, and as one of the conditions of approval, the Broker and those indicated within this paragraph, give explicit authority to communicate to said broker, via telephone, fax, e-mail and any other forms of communication that will be agreed to in the future. Broker and those indicated above must notify APFS of any changes in personnel indicated above and any changes in street address, telephone, fax, and e-mail numbers and/or addresses.

Broker certifies to its best belief and knowledge that the information contained herein is true and correct.

 Authorized Signature

 Title

 Date

Section VI - PRODUCTION FOR PREVIOUS 12 MONTHS

<u>Product Type</u>	<u>Units Funded</u>	<u>Dollar Volume</u>
Conventional/Jumbo	_____	_____
Alt - A	_____	_____
Sub Prime	_____	_____
125%	_____	_____
Other	_____	_____

Section VII - EXPECTED MONTHLY VOLUME DIRECTED TO AMERICAN PIONEER

<u>Property Type</u>	<u>Units Funded</u>	<u>Dollar Funded</u>
1 st Mortgage	_____	_____
2 nd Mortgage	_____	_____

Section VIII - INVESTOR REFERENCES

1)	_____	_____	_____
	Investor Name	Contact Name	Phone #
2)	_____	_____	_____
	Investor Name	Contact Name	Phone #
3)	_____	_____	_____
	Investor Name	Contact Name	Phone #
4)	_____	_____	_____
	Investor Name	Contact Name	Phone #
5)	_____	_____	_____
	Investor Name	Contact Name	Phone #
6)	_____	_____	_____
	Investor Name	Contact Name	Phone #

Section IX - STATES LICENSING INFORMATION

IMPORTANT!

For those states you are licensed in, please provide copies of all licenses for broker, branch, loan officers, and any other staff employee as required by Federal, State, County, City, and regulatory authorities.

As an example, some states require a loan broker to be licensed first by the state through a Department of Commerce prior to being licensed individually for 1st, 2nd, and Consumer Loan Originations by a Department of Financial Institutions and/or Department of Real Estate. In such cases, to insure compliance with state lending regulatory and investor guidelines, we are required to ask for copies of all such licenses. In some cities, where a loan broker may reside, the city may require a license and/or business license prior to doing business in that city. If you have applied for an initial, or renewal license, and received notice that you have been approved and the physical license is fourth coming, please submit a statement indicating that, along with any support documentation that you may have, to insure compliance with that licensing entity.

Section X - W-9

IMPORTANT!

A current year W-9 can be obtained off of our LowratesLender web site. Please provide a copy of this document with your application.

Section XI – Annual Financial Statement, Balance Sheet, and IRS Forms 4506 & 8821

IMPORTANT!

Annually: Supply most recent fiscal/annual year-end financial statements, including profit and loss statement and balance sheet (signed and dated). Note: S Corporations, Sole Proprietor’s, Partnership’s, and LLC’s must supply completed, signed, and dated 4506 or 8821.

Section XII - Web Site, e-mail Address, Telephone and Faxing Communication

IMPORTANT!

If you have a Web site and/or an e-mail address, we would appreciate you providing us that information so that we can provide you the best possible service. This information will be held in strict confidence and will not be sold and/or provided to any non-related company.

Web Site Address: _____ e-mail Address: _____

(Express authorization is hereby granted to telephone, fax and/or e-mail, marketing information and lender specific loan information including rate and loan plan specifics, to all broker personnel, including but not being limited to: their home, broker home office, and all branches [present & future] of the loan broker signing this agreement and will not be withdrawn without the express written authorization of the duly authorized signers and/ or assignees of this loan broker agreement.)

AMERICAN PIONEER MORTGAGE FINANCIAL SERVICES

Loan Broker Agreement

THIS LOAN BROKER AGREEMENT dated _____, 20__, is entered in between (Broker) _____, a _____, with an address of _____ and American Pioneer Financial Services, Inc., a Utah corporation, with an address of 14950 South Pony Express Road, Suite 100 Bluffdale, UT 84065 (Lender).

BACKGROUND

Broker originates residential mortgage loans secured by liens on real property improved with one- to four- family dwellings, and may from time to time offer to Broker Loans to Lender. Lender may wish to accept one or more such offers. Lender and Broker enter into this Agreement to set forth the terms and conditions which shall govern any Commitment to Lend by Broker to Lender. In consideration of the foregoing and the covenants contained in this Agreement, the parties agree as follows:

I. GENERAL

1. Upon final approval of Broker's application to Lender to become a Broker under this Agreement, all provisions of this Agreement shall be binding upon the parties. Lender and Broker agree that Lender may modify the Agreement, and that Broker shall be bound by the terms of any such modification, as long as Lender mails notice of any such modifications to Broker, and such modifications shall be effective upon the earlier of Broker's receipt of the notice or ten (10) calendar days after such notice is mailed to Broker, postage prepaid.
2. From time to time Broker may offer to Broker Loans to Lender. Included in such submission shall be all of Broker's right, title and interest in and to all:
 - A. Assignment of all rights relating to such Submission;
 - B. Including assignment of Appraisals, review appraisals, and inspections then or subsequently due under the Submission;
 - C. Verifications for the borrowers securing the Submission;
 - D. Policies of insurance relating to the Submission or the collateral; and
 - E. Documents and instruments relating to or evidencing the Submission.

The items specified in A through E, together with the related Submission, are referred to collectively as a Submission.

3. To submit a Loan to Lender for underwriting leading to a Loan Commitment or to a Conditionally Approved Loan readied for approval, Broker will package the requisite documents in accordance with the Lender guidelines.
 - A. Lender retains the absolute right to reject any Loan submitted by Broker. Lender will not be obligated to lend on any Submission until Broker has issued a Loan Approval in the form set forth in this Agreement and communicated Lender guidelines.
 - B. The Rebate Pricing, if any, and other consideration established in this Agreement for the submissions to be committed on, transferred and endorsed over to Lender pursuant to this Agreement and as defined and established by the Loan Commitment. Loan Broker agrees and understands that no compensation will be paid for any loan in unlicensed states.

II. GENERAL REPRESENTATIONS, WARRANTIES AND COVENANTS OF BROKER

As an inducement to Lender to enter into this Agreement and to consummate the lending as contemplated under this Agreement, Broker represents, warrants and covenants to Lender as of the date of this Agreement, and throughout the term of this Agreement, as follows:

A. DUE INCORPORATION AND GOOD STANDING

Broker is a corporation, partnership, or company duly organized, validly existing and in good standing under the laws of the state governing its creation and existence during the time of its activities with respect to the origination of the Loans lent on pursuant to this Agreement. Broker is properly licensed and qualified to do business in all jurisdictions in which a license and qualification are necessary to originate Loans.

B. AUTHORITY AND CAPACITY

Broker has all corporate power, authority and capacity legally required to enter into this Agreement and to perform the obligations required of it hereunder. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby have each been duly and validly authorized by all corporate action legally required. This Agreement constitutes a valid and legally binding Agreement of Broker enforceable in accordance with its terms.

C. EFFECTIVE AGREEMENT

The execution, delivery and performance of this Agreement by Broker, Broker's compliance with the terms hereof and consummation of the transactions contemplated hereby, will not violate, conflict with, result in a breach of, constitute a default under, be prohibited by or require any additional approval under its articles of incorporation (in the case of a corporation), bylaws, partnership agreement, articles of organization, operating agreement, or any instrument or agreement to which it is a party or by which it is bound, or any state or federal law, rule or regulation, or any judicial or administrative decree, order, ruling or regulation applicable to it..

D. COMPLIANCE WITH CONTRACTS AND REGULATIONS

Broker agrees to comply with all applicable federal, state (including record retention), and local laws and regulations with respect to, and which might materially adversely affect any of the Loans made by Lender hereunder. Broker is conversant with all-relevant Fair Lending and RESPA laws and regulations and will not discriminate during the course of its loan origination activities. Broker acknowledges that Lender will monitor loan submissions in terms of Fair Lending performance and reserves the right to terminate this Agreement for Brokers failure to comply with any and all Fair Lending laws and regulations or Lender's Fair Lending policies.

E. ANTI-PREDATORY LENDING COMPLIANCE AND POLICY

Broker agrees and understands that any form of Predatory Lending as defined hereunder and / or by any state, Federal, and / or Regulatory agency, now and/or in the future is not allowed as stated in the statement hereunder.

Broker does not allow, nor condone; any form of predatory lending practices, against any borrower using the Services of said Broker as indicated by any Federal, State, and or regulatory agency, now and / or in the future.

Predatory lending is defined, but not limited to deceptive and abusive lending practices that are not in the interest of the borrower. Such practices not limited to but included may be:

- a. Collateral or Equity Stripping-loans made in reliance on the liquidation value of the borrower's home or other collateral, rather than the borrower's independent ability to repay, with the possible or even intended result of foreclosure or the need to refinance under duress;
- b. Pricing and terms, whether interest rates or fees that far exceed the true risk and cost of making the loan. Loan terms and structures, such as negative amortization, when designed to make it more difficult or impossible for borrowers to reduce their indebtedness;
- c. Inadequate disclosure of the true costs and risks of loan transactions;
- d. Fraudulent, coercive, unfair, deceptive or otherwise illegal lending practices;
- e. Padding/Packing-charging customers' unearned, concealed or unwarranted fees;
- f. "Balloon" payment loans, if not explained properly, that may conceal the true burden of the loan financing and may force borrowers into costly refinancing or foreclosure situations;
- g. Flipping - frequent and multiple refinancing, usually of mortgage loans, requiring additional fees which strip equity from the borrower;
- h. Collection of up-front single-premium credit insurance – life, disability, or employment, when the consumer does not receive a net tangible financial benefit.
- i. The maximum allowable amount of dollars charged a borrower (combined between the loan broker and APFS, the Lender) as a percentage of the loan amount, is five (5) percent. This will include any SRP that from time to time may be offered.

F. NO LITIGATION PENDING

Except as disclosed in writing to Lender, there is no action, suit, proceeding, inquiry, review, audit, or investigation (Action) pending or threatened against Broker or any of Broker's partners, members, shareholders, directors, officers, employees or agents (Broker's Agents), including, but not limited to, any pending or threatened actions by borrowers against Broker or any of Broker's Agents, or any Action by other lenders or purchasers or Loans against Broker alleging that Broker has breached any obligation owed to the lender or purchaser.

G. STATEMENTS MADE

No representation, warranty or written statement made by Broker in this Agreement or in any schedule, written statement or document furnished to Lender in connection with the transactions contemplated hereby by Broker contains or will contain any untrue statement of a material fact or omits or will omit to state a material fact necessary to make the statements contained herein or therein not misleading.

H. USE OF NAME

Broker will not use Lender's name in connection with Broker's marketing efforts nor otherwise without first obtaining Lender's advance written consent to the specified use.

I. LICENSE STATEMENTS

Broker shall deliver annually to Lender a current copy of all license renewal notice statements, as soon as it is feasible, for the broker, branch, and all applicable personnel, but no later than thirty (30) days after delivery of license to licensee by licensing entity.

J. NOTICES OF CHANGES IN STATUS

Broker shall provide written notice to Lender of any changes, modifications or amendments (**including, but not limited to, changes of address, telephone, fax numbers and e-mail addresses**) to any of the information provided to Lender in connection with Broker's application submitted to seek Lenders application to become an approved Broker of Lender or in connection with this Agreement. Broker shall, within ten (10) calendar days of Lender's written request, provide to Lender or Lender's designated agent, any and all information pertaining to Broker's licensing status, financial condition, personnel, insurance, lending areas, affiliations, references, approvals, disqualification, suspensions, actions, proceedings, claims, repurchase requests, mergers, and dissolutions; Broker shall provide Lender with written notice of any change in such information within thirty (30) calendar days of the change. Broker acknowledges and agrees that Lender may provide to third party mortgage insurers and prospective or actual purchasers of Loans, any information provided by Broker to Lender in connection with Broker's relationship with Lender and in connection with the pertinent Loan.

K. TITLE TO THE LOANS

Broker is the lawful submitter of the Loan Application and has the right and authority to transfer the Submission as contemplated hereby. Upon payment of the Rebate Price, as indicated by the Lenders Loan Commitment, by Lender, the transfer, assignment and delivery of the Loans in accordance with the terms and conditions of this Agreement shall vest in Lender all rights of ownership, free and clear of any and all claims, charges, defenses, offsets and encumbrances of any kind or nature whatsoever, including but not limited to those of Broker.

III. REPRESENTATIONS, WARRANTIES AND COVENANTS AS TO LOANS

As further inducement to Lender to enter into this Agreement and to consummate the loan contemplated hereunder, Broker represents, warrants and covenants to Lender, as of the date of commitment of each Submission under this Agreement, as follows:

A. LEGAL CAPACITY

To the best of the Brokers knowledge, all parties signing the Loan documents have the legal capacity and authority to do so, and the documents will be duly executed and delivered by each such party.

B. DELINQUENCY, DEFAULT, AND BANKRUPTCY

To the best of the Brokers knowledge, on the date of loan commitment, the obligor(s) under their present Loan (a) is current and is not otherwise in default; (b) has not been more than twenty-nine days delinquent or otherwise in default since the Broker's closing date and Broker has no reason to believe such default is likely to occur; (c) is not a debtor in any bankruptcy or insolvency proceedings and, to Broker's knowledge, is not the subject of any

threatened bankruptcy or insolvency proceedings; (d) is not a party to any litigation and, to Broker's knowledge, is not the subject of any threatened litigation. There is no default, breach, violation or event of acceleration existing respecting the Loan and no event which with the passage of time or with notice and the expiration of any grace or cure period would constitute such a default, breach, violation or event of acceleration, and no such default, breach, violation or event of acceleration has been waived.

C. NO INVESTIGATION OR PROCEEDING

Neither Broker nor the Borrower is subject to any notification from, or proceeding or investigation by, any governmental agency or entity in connection with any actual, alleged, or potential legal problem, violation, deficiency or irregularity.

D. TITLE INSURANCE

The Lender hereby informs the Broker that the Lender will require that title insurance company and/or authorized legal counsel provide, satisfactory to Lender, an extended coverage ALTA Loan Policy of Title Insurance in amounts acceptable to Lender for the Loan program under which the Loan was originated (Each loan transaction will include a 'Closing Protection Letter.'). Such title insurance policy will insure the security instrument encumbering the borrower's title to the property represents a good and valid lien, senior in priority to all other liens, encumbrances, easements, reservations and restrictions except those Security Instruments represented by Borrower to be prior to the Security Instrument of the Loan, those of unpaid taxes and assessments not yet due and payable, and such other exceptions as commonly accepted by mortgage lenders in the area in which the mortgaged property is located.

E. COSTS, FEES, AND EXPENSES

To the best of the Brokers knowledge, all costs, fees and expenses have been or will be paid in connection with the making of such Loan, including recording fees, documentary stamps, ad valorem taxes, hazard insurance premiums, and any other taxes or assessments that are due and payable in connection with the making of the Loan prior to the close of escrow.

F. GOOD REPAIR

To the best of the Brokers knowledge, the mortgaged property described in the Submission has not been damaged by fire, flood, or other causes and any improvements thereon have been completed in full compliance with any and all rules and regulations of any governmental agency having jurisdiction, and/or with any requirements as conditioned by an appraiser.

G. GOOD TITLE

To the best of the Brokers knowledge, the title is clear of all liens and encumbrances (except the lien of taxes and assessments and encumbrances of or exceptions to title as commonly accepted by mortgage lenders in the area in which the mortgaged property is located.) other than reported by the title company and/or authorized legal counsel. Broker agrees and warrants that the submission was originated by Broker and not submitted to Broker by, any other originator of this submission.

H. LOAN DOCUMENTS

The borrower's application for the Loan, and all documentation relating to the application and Loan, including, without limitation, consumer credit disclosures, credit and appraisal documentation, have been prepared and/or completed in accordance with Lender guidelines, and all information contained in such documents is true and correct in all respects and does not fail to disclose any facts which could be material or which would make such information misleading to the best of Broker's knowledge. Broker has no knowledge with respect to the Submission, that the applicant(s) for the Loan, or the property that serves as security for the Loan, that can reasonably be expected to cause an institutional secondary mortgage market investor to regard the purchase of the Loan as an unacceptable investment, cause the Loan to become delinquent, or adversely affect the value or marketability of the Loan.

I. REGULATORY COMPLIANCE

The Submission was made in compliance with all applicable federal, state and local laws and governmental rules and regulations pertaining to the making of residential real estate loans and all consumer disclosure laws and regulations, including, without limitation, all forms of state education and licensing requirements (including but not limited to 1st, 2nd, and Consumer licensing laws, the Real Estate Settlement Procedures Act, Truth-in-Lending Act, Equal Credit Opportunity Act, Fair Housing Act, Gramm-Leach-Bliley Privacy Act, FACT Act, and Consumer Credit Protection Act, all as from time to time amended.)

J. FACTUAL DISCLOSURE

All known facts relating to this Submission which may adversely affect the value of the mortgaged property, the credit, character or capacity of the borrower, the validity of the future Security Instrument, or any other aspect of the transaction have been disclosed to Lender and, if applicable, the appropriate government agency.

K. HAZARD INSURANCE

The Lender hereby informs the Broker that the Lender will require that the improvements now existing or hereafter erected on the property encumbered by the proposed Loan are insured at minimum against fire with extended coverage (and flood insurance where the property is located in an area designated as a special flood hazard area) in an amount at least equal to the outstanding principal balance of the Loan or full insurable value of the replacement cost of the improvements, whichever is less. The insurance will be without coinsurance or average clause provision and will contain a standard mortgagee clause and loss payable endorsement in favor of Lender, containing Lender's address. The policy will be of a form acceptable to Lender and issued by an insurance company rated B+III or better by the Best Key Rating Guide, unless otherwise prohibited by law. The Lender will require that the Lender must be named as the loss payee under the policy and all premiums for the current year must be prepaid. In addition, the policy shall provide that it is non-cancelable by the insurer except on 10 days written notice to the holder of the Note and Security Instrument.

L. NO BROKER

Broker has not agreed, and will not agree, to pay any other broker or finder any fee in connection with the proposed Loan pursuant to this Agreement which could give rise to any valid claims against Lender or the Loan.

M. APPRAISAL

Broker warrants that Broker will provide written assignment of the appraisals to Lender and appraiser at the time of the close of escrow of each loan closed with Lender. Written assignment will instruct appraiser to assign appraisal to Lender as of the date of the Close of Escrow for each closed loan. Broker further warrants, that in those states where required, that the appraiser maintain required E & O Insurance sufficient to warrant any possible form of fraud or misrepresentation. A copy of that document must be provided with the appraisal. Furthermore, broker has warned appraiser against any form of dishonesty and that the appraiser will be prosecuted for any dishonest act pertaining to any loan.

IV. REPRESENTATIONS AND WARRANTIES OF LENDER

As an inducement to Broker to enter into this Agreement and to consummate the loan as contemplated under this Agreement, Lender represents, warrants and covenants to Broker as of the date of this Agreement, and throughout the term of this Agreement, as follows:

A. DUE INCORPORATION AND GOOD STANDING

Lender is a corporation duly organized, validly existing and in good standing under the laws of the state governing its creation and existence during the time of its activities with respect to the origination and sale of the Loans purchased pursuant to this Agreement. Lender is properly licensed and qualified to do business in all jurisdictions in which a license and qualification are necessary to originate and sell the Loans.

B. AUTHORITY AND CAPACITY

Lender has all corporate power, authority and capacity legally required to enter into this Agreement and to perform the obligations required of it hereunder. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby have each been duly and validly authorized by all corporate action legally required. This Agreement constitutes a valid and legally binding Agreement of Lender enforceable in accordance with its terms.

C. EFFECTIVE AGREEMENT

The execution, delivery and performance of this Agreement by Lender, Lender's compliance with the terms hereof and consummation of the transactions contemplated hereby, will not violate, conflict with, result in a breach of, constitute a default under, be prohibited by or require any additional approval under its articles of incorporation (in the case of a corporation), bylaws, partnership agreement, articles of organization, operating agreement, or any instrument or agreement to which it is a party or by which it is bound, or any state or federal law, rule or regulation, or any judicial or administrative decree, order, ruling or regulation applicable to it.

V. RESOLUTION OF BREACH

In the case of fraud committed by the Broker, if any representation or warranty made by Broker in this Agreement shall prove to be incorrect or misleading in any material respect, or if Lender suffers a loss, or a failure to collect any amount due respecting any Loan by reason of the fact that any such representation or warranty is incorrect or misleading; Broker shall no later than ten (10) calendar days after receiving a written notice from Lender generally specifying the particular defect, pay to Lender a price for such Loan (Buy-Back Price) equal to the sum of, as of the time of repurchase, (i) the unpaid principal balance of, plus accrued interest on, the Loan; (ii) the amount of any premium or sum in excess of the principal balance of the Loan paid by Lender to Broker; (iii) the aggregate other premium in excess of the principal balance of the Loan paid by Lender to Broker; (iv) the aggregate amount of any advances made by Lender on behalf of the mortgagor or to protect Lender's interest in the loan or collateral, and interest thereon at the interest rate set forth in the Note; and (v) any attorneys fees, legal expenses, court costs or other expenses which may have been incurred or expended in connection with said Loan and interest thereon at the interest rate set forth in the Note. Upon Broker's payment for such Loan, Lender will reassign and set over such Loan to Broker without recourse. **Note: Those committing any form of Broker Fraud will be actively prosecuted to the fullest extent of the law. All Broker Fraud will be reported to all State, Federal, Private, and regulatory authorities including but not limited to state licensing entities, HUD, the FBI, Fannie Mae, and Freddie Mac.**

VI. REMEDIES

A. BREACH OF AGREEMENT AND REPURCHASE

- a. If Broker fails to comply in any material respect with any provision of this Agreement, Lender may in addition to any other remedies available under law or equity, refuse to fund any Loans as to which Lender previously issued a Purchase Commitment or Conditional Approval.
- b. In the case of fraud committed by Broker, Broker shall indemnify and hold harmless, to the fullest extent permitted by law, Lender and its successors and assigns from and against, and shall reimburse the same with respect to, any and all liabilities, claims, actions, losses, damages, costs, and expenses, including reasonable attorney's fees (each a Claim) incurred by reason of or arising out of or in connection with (a) Broker's breach of any representation, warranty or covenant contained in this Agreement; (b) Broker's breach of any provision of this Agreement or failure to perform any obligation required hereunder; or (c); any Claim under a Loan as to which the borrower alleges any damage or loss as the result of any violation by Broker of any federal, state or local statute, regulation or rule, or any failure to communicate information to borrower. Broker shall be obligated to indemnify Lender regardless of whether Lender reviewed, approved, or audited the Loan either prior to or after funding of the Loan.
- c. In the case of fraud committed by Broker, without limiting the generality of this Section VI, Lender shall be entitled to indemnity under this Section VI at such time as Lender incurs the liability to repurchase a Loan or to indemnify a third party as to a Loan, and Lender need not actually have incurred a financial loss in order to enforce Lender's indemnity rights. Lender shall have the right and standing to file an action in a court of competent jurisdiction or initiate arbitration to specifically enforce Broker's obligation to indemnify Lender.
- d. In the case of fraud committed by Broker, without limiting the generality of this Section VI, as to any Loan which Lender, as a result of Broker's breach of this Agreement, is obligated to repurchase from another lender or secondary mortgage market investor (each an Investor), or as to which Lender is obligated to indemnify an Investor, Broker shall be obligated to indemnify Lender from and against, without limitation, any costs or expenses arising from or related to (a) the repurchase of the Loan from, or indemnification of, the Investor; (b) the purchase, from the Investor or at a foreclosure sale, of the property which served as security for the Loan (the Foreclosed Property); (c) the holding of the Loan or the Foreclosed Property; and (d) the marketing of the Loan or the Foreclosed Property. In addition, Broker shall be obligated to indemnify Lender from and against any loss incurred in connection with any sale or disposition of the Loan or the Property.
- e. The right to require indemnity under this Article VI does not limit, but is in addition to, all other rights and remedies available to Lender in law or equity.

B. REMEDY FOR NON-DELIVERY OF DOCUMENTS

Notwithstanding any provisions to the contrary in this Agreement, if Broker has been notified that a specific loan is subject to the review and approval of certain documentation, and that through the representation and warranty expressed (verbally and or written by the broker) the loan is approved, closed, and funded; and the required documentation fails to be delivered, as per the aforementioned, within the time frame specified and agreed to, (such document in the proper form on the date or within the time period specified by the Lender) Lender shall notify Broker of the breach, and Broker shall have seven (7) calendar days from the date of notice to cure the breach. If Broker has not cured the breach within the seven (7) day cure period, Broker shall immediately repurchase the Loan upon Lender's demand or indemnify Lender pursuant to Section VI.A of this Agreement. The Repurchase Price shall be determined in accordance with Section VA Any Loan returned by Lender pursuant to this paragraph shall be without recourse, representation or warranty.

C. PREMIUM RECAPTURE

For a period of four months following the date Lender facilitates a Loan, Broker shall rebate to Lender the full premium paid for the Loan paid off in full during such period following the closing date. Broker shall pay Lender such rebate within ten (10) calendar days after it receives written notice of full payoff from Lender agrees to offset the amount of any prepayment penalty actually collected against any premium recapture payment due Lender from Broker under this Section.

D. EARLY LOAN PAYOFF

For a period of one (1) year from the date Lender facilitates a Loan, neither Broker nor any of its affiliates, employees, agents, contractors, or representatives shall directly or indirectly facilitate another loan for the same borrower(s) on the same property. Broker agrees that if a loan is facilitated with any other Lender, the broker will make whole, any losses incurred by the Lender for early payoff within the first year of the original loan. Broker shall reimburse Lender a portion of the premium paid for the Loan to the Lender, which the Secondary Market Investor is now requesting repayment on. Payment will be based upon loan funds paid off in full during such period as follows: one twelfth (1/12) of the premium paid for each full month remaining, and 1/30 for each day remaining of any partial month, in the one-year period following the closing date. However, it is understood and agreed that any early payoff facilitated by any other non affiliated broker, affiliates, employees, agents, contractors, or representatives will not be cause for the broker to have to make whole losses incurred by the Lender.

VII. NONSOLICITATION

For a period of one (1) year from the date Lender facilitates a Loan, neither Broker nor any of its affiliates, employees, agents, contractors, or representatives shall directly or indirectly solicit any borrower under any Loan facilitated by Lender under this Agreement. However, it is understood and agreed that solicitation for purposes of this paragraph shall not include promotions undertaken by Broker or any of its affiliates, employees, agents, contractors, or representatives which are directed to the general public at large, or segments thereof, provided that no segment shall consist primarily of the Loans, including, without limitation, mass mailing based on commercially acquired mailing lists, newspaper, radio and television advertisements.

VIII. MISCELLANEOUS

A. RELATIONSHIP

Nothing contained in this Agreement shall be deemed to create nor shall this Agreement be construed so as to create a joint venture, partnership, agency, or employment relationship between Lender and Broker. Broker shall conduct business under its own name and not in the name of Lender; Broker shall not represent that its office is an office or branch of Lender or in any other way connected with Lender. Broker shall have no authority to sign any documents on behalf of Lender. Broker shall be responsible for its overhead and operation costs, payroll costs, and all other costs.

B. AUDIT

Lender or its Agents reserve the right to audit and review Broker's books and records, in relation too, and in particular, those loans that have been found to have indications of fraud and or have been defaulted by the borrower; to determine that all applicable regulations are being complied with. Until this Agreement is terminated, Broker agrees to provide Lender its licensing information for any state the Broker is licensed in. Furthermore, the Broker understands that no loan will be closed in any state where no current licensing exists.

C. INSURANCE

Broker agrees to maintain fidelity and errors and omissions insurance in amounts specified by Lender and to provide Lender copies of this coverage on an annual basis. The insurance carrier must maintain a b+ or better rating and also a financial size category of VI or better according to A.M. Best Company.

D. RELIANCE; SURVIVAL OF WARRANTIES

Broker acknowledges that Lender's commitment of each Loan is made in reliance upon the truth of every representation and warranty contained in this Agreement. Unless expressly waived in writing by Lender, the representations and warranties made hereunder shall survive the facilitation of the Loan by Lender and Lender's subsequent sale thereof, and shall not be affected by any investigation made by or on behalf of Lender.

In the event Lender assigns any of its rights in Loans facilitated hereunder, such assignee or subsequent assignees shall have the same rights as Lender with respect to Broker and this Agreement.

E. ASSIGNABILITY

Broker may not assign or transfer its duties or rights under this Agreement without the prior written consent of Lender. A change in the ownership, merger or consolidation of Broker shall be considered an assignment for purposes of this Agreement.

F. ENTIRE AGREEMENT

This Agreement constitutes the entire Agreement between the parties and no understanding or Agreement relating hereto shall be valid unless in writing and signed by both parties.

G. RIGHT OF OFFSET

Amounts owed by Broker to Lender under this Agreement may, at Lender's option and in its sole discretion, be offset by Lender against any payments then or thereafter owed by Lender to Broker. Further, if there is a breach of a representation, warranty or covenant by Broker, or of any provision of this Agreement, Lender may withhold any sums then due or owing Broker pending final resolution, settlement, or adjudication of claims made by purchaser against Broker arising out of the breach.

H. PARTIAL INVALIDITY

If any provision of this Agreement is held invalid, void, or unenforceable, the remaining provisions shall nevertheless continue in full force without being impaired or invalidated in any way.

I. FURTHER ASSURANCES

Each party shall perform all further acts and execute and deliver all documents that may be reasonably necessary to carry out the transactions contemplated under this Agreement.

J. COUNTERPARTS

This Agreement may be executed in any number of counterparts, each of which shall be an original; however, all such counterparts shall together constitute one and the same agreement.

K. HEADINGS

The headings of the various sections of this Agreement have been inserted for convenience of reference only, and shall not be deemed to be a part of this Agreement.

L. GENDER

Words of any gender used in this Agreement shall be held and construed to include any other gender, and words in the singular shall be held and construed to include the plural, and words in the plural shall be held and construed to include the singular, unless this Agreement or the context otherwise requires.

M. NOTICES

All notices, requests, demands and other communications which are required or permitted to be given under this Agreement shall be in writing and shall be deemed to have been given, made, and received only: upon delivery, if personally delivered to a party; one business day after the date of dispatch, if by facsimile transmission, with electronic confirmation of receipt; one business day after deposit, if delivered by nationally recognized courier service offering guaranteed overnight delivery; or upon receipt if sent via certified mail, postage prepaid, return receipt requested, at the addresses noted at the beginning of this Agreement. Either party may change its address for receiving notice by giving fifteen (15) calendar days advance written notice in the manner provided herein.

N. ATTORNEY FEES

If either Broker or Lender initiates any action, proceeding, or arbitration regarding the subject matter of this Agreement, or to enforce or interpret this Agreement, the prevailing party (as determined by the court, agency or other authority before which such suit or proceeding is commenced), in addition to such other relief as may be awarded, shall be entitled to recover its reasonable attorneys fees, expenses and costs of investigation actually incurred.

O. ARBITRATION

Notwithstanding any provision to the contrary in this Agreement, any claim or action arising out of or relating to this Agreement, including any claim or action contesting the validity of this arbitration provision or of the Agreement, will be settled by binding arbitration. Except as otherwise provided herein, the arbitration shall be conducted in accordance with the commercial Arbitration Rules of the American Arbitration Association, but without regard to any portions thereof which require administration by such association.

The party desiring arbitration shall serve notice upon the other party, together with designation of the first party's representative. If the person designated by the first party is acceptable to the second party as an arbitrator, the second party shall so notify the first party within ten (10) calendar days, and such representative shall serve as the sole arbitrator; if the person so designated is not acceptable to the second party, then the second party shall designate his or its own representative in a notice to the first party within the same ten-day period. The two representatives so named, if such is the case, shall within ten (10) calendar days thereafter appoint an arbitrator, and the arbitrator shall then proceed forthwith to hear and unilaterally determine the matter. If either party fails, within the time allowed herein, to appoint its representative, the representative named by the other party shall act as the sole arbitrator and unilaterally decide the matter. If the two representatives are unable to agree upon an arbitrator within the ten (10) days allowed herein, either party may at any time apply to the presiding judge of any court of competent jurisdiction for the appointment of an arbitrator, and the arbitrator shall proceed forthwith to hear and unilaterally determine the matter. In all events the arbitrator shall be a licensed attorney at law in the State of Utah with a minimum of ten years experience in handling transactions of the kind, which are represented by this Agreement. The arbitrator shall be entitled to reasonable compensation at his or her usual professional rates.

The powers of the arbitrator shall be limited as set forth herein. The arbitrator shall make an award in writing that is consistent with the terms of this Agreement, and that includes a reasoned decision. In rendering any decision or award, the arbitrator shall determine the rights and obligations of the parties according to the substantive and procedural laws of the State of Utah. In no event shall the demand for arbitration be made after the date when institution of legal or equitable proceedings based on such claim, dispute, or other matter(s) in question would be barred by the applicable statute of limitations, and the arbitrator shall reject any claim that is not based upon a timely-filed demand.

The parties acknowledge that this Agreement evidences a transaction involving interstate commerce. Except as specifically provided otherwise in this Section, the Federal Arbitration Act shall govern the interpretation, enforcement, and proceedings pursuant to this Section.

P. TERMINATION

Either Lender or Broker may terminate this Agreement at any time by giving written notice to the other party, provided, however, that any such notice shall not affect any obligation hereunder which arose prior to the termination date.

Q. GOVERNING LAW

This Agreement shall be governed by and construed in accordance with the laws of the State of Utah. The provisions of this paragraph shall not affect the provisions of any Note, Security Instrument, or related documents or instruments, which cause the laws of the United States, or any other state applicable. This Agreement shall be interpreted fairly in accordance with their provisions and without regard to the drafting party.

R. COURSE OF DEALING

No course of dealing on the part of either party, nor any failure or delay by either party with respect to the exercise of any right, power, privilege, election or option shall operate as a waiver thereof. All rights, remedies and recourse shall be cumulative and the exercise or partial exercise of any such right, remedy or recourse shall not preclude the exercise of any other right, recourse, or remedy.

IN WITNESS WHEREOF, the parties have executed this Agreement by authorized officers.

LENDER:

BROKER:

American Pioneer Financial Services, Inc.

A Utah Corporation

By: _____

By: _____

Name: Ernest A. Knudsen

Name: _____

Title: President

Title: _____

ADVERSE ACTION AGREEMENT

Agreement by and between AMERICAN PIONEER FINANCIAL SERVICES, INC. and _____

_____.

Under the Federal Equal Credit Opportunity Act (ECOA), a creditor must notify an applicant whether an application for credit has been approved or disapproved within 30 days of receiving the application. The notification must be in writing, containing a statement of specific reasons for the action taken and comply with the requirement set forth in Section 202.9 of Regulation B, issued pursuant to the Act.

The undersigned, hereby, agrees to send the ECOA notification in the event that AMERICAN PIONEER FINANCIAL SERVICES, INC. declines to extend credit to an applicant, and you are unable to find anyone else to extend credit. Such notification shall be a statement of adverse action, which complies with the ECOA. In addition, if the applicant requests, in writing, the reasons for credit denial, the request will be forwarded to AMERICAN PIONEER FINANCIAL SERVICES, INC. for reply.

Furthermore, it is understood that failure to satisfy the terms of this agreement may be the basis for terminating all other contractual agreements with AMERICAN PIONEER FINANCIAL SERVICES, INC.

Date _____

Company Name

Title

Signature

