

Early Pay Off Lender Chargeback Borrower Consent to Repay LPC

It is hereby stipulated by and unconditionally agreed to between the Borrower(s), Wholesale Residential Lender (*TBD/Subject to Change or Assignment*), and Building Capital, Inc. (*Mortgage Brokerage*) that the following exists:

- 1) **Early Pay-Off aka "EPO"**:
 - a. This is a legal clause in Lender Loan Documents which generally asserts that *any* loan originated for the Borrower(s) through a Wholesale Residential Lender platform by a Mortgage Brokerage "approved" during the transaction with said Lender, shall be subject to an EPO if/when said loan is paid off in full to said Lender **prior to 180 days** post Close of Escrow from the original Funding and/or Recording Date.
 - b. EPO's generally happen when a Borrower(s) Sells *or* Refinances *or* transfers the vesting/ownership of a property that has a loan which was funded by said Lender.
- 2) Wholesale Residential Lenders generally issue a "Chargeback Demand" in writing to the Mortgage Brokerage when a Borrower(s) pays off a loan prior to **180 days** post Close of Escrow from the original Funding and/or Recording Date.
- 3) Chargeback Demands "generally" transpire when a loan transaction occurs in which a Mortgage Brokerage is compensated with a mortgage loan commission payment, normally issued through and by an Escrow Company from monies received by the Wholesale Residential Lender in the form of a "Lender Paid Compensation aka LPC" (*aka "Yield Spread Premium" aka "Mortgage Brokerage Rebate" aka "Mortgage Broker Rebate" aka "Broker Rebate"*).
- 4) When a Chargeback Demand is initiated by a Wholesale Residential Lender and communicated to the Mortgage Brokerage, the Mortgage Brokerage generally has a contractual obligation, based upon the Lender/Broker Agreement, to "immediately repay in full" the LPC to the Wholesale Residential Lender.
- 5) **Borrower(s) shall repay the Mortgage Brokerage for 100.00% of the LPC within "5" business days after receiving notice from the Mortgage Brokerage and/or the Loan Officer on the transaction, that an EPO Chargeback has been levied by the Wholesale Lender as a direct result of the Borrower(s) selling, refinancing, transferring the vesting/ownership, or any other reason(s) or action(s) that would create/has created said EPO Chargeback.**
- 6) Borrower(s) fully understands and acknowledges that they have an absolute, unconditional, undeniable, and fiduciary obligation to reimburse the Mortgage Brokerage for *any/all* EPO monies that are directly related to the Loan Transaction and subsequently represent a Chargeback Demand from the Lender. Upon receipt by a Mortgage Brokerage of the EPO monies from the Borrower(s), the Mortgage Brokerage shall fully reimburse the Wholesale Lender to resolve the matter. Said reimbursement by the Mortgage Brokerage following receipt of said monies from the Borrower(s) shall generally transpire within 15 business days.

- 7) **Borrower(s) shall repay 100.00% of the LPC to the Mortgage Brokerage or Wholesale Residential Lender or the Escrow Company (if the latter is required to remit said LPC to the Wholesale Residential Lender) within Five (5) Business Days AFTER being notified by the Mortgage Brokerage that the Wholesale Residential Lender has notified the Mortgage Brokerage that an EPO has transpired.**
- 8) Borrower(s) shall immediately notify the Loan Officer representing them if/when the Borrower(s) are “applying” for a Loan(s) on the same property with another investor source, e.g., Bank, Credit Union, Mortgage Bank, Mortgage Brokerage, Private Lender, or any other source that will function as a Lender. This process is known as “Double” or “Multiple” Applications.
- 9) In the event that the Borrower(s) has decided or decides and has determined or determines to apply to other Lender(s), the Borrower(s) has an absolute, unconditional, undeniable, and fiduciary obligation to immediately upon the awareness of the Borrower(s), to notify the Mortgage Brokerage about said decision and determination for the express purpose of allowing the Mortgage Brokerage to re-structure the Loan Submission to the Wholesale Residential Lender.
 - a. The re-structuring will “allow the option” for the loan to be structured with “Borrower Paid Compensation” (*BPC*).
 - b. *BPC*’s generally do not induce an EPO Chargeback Demand from the Lender.
 - c. In the event a *BPC* induces a Chargeback Demand from the Lender, the Borrower(s) has an absolute, unconditional, undeniable, and fiduciary obligation to repay the Mortgage Brokerage and/or Lender 100.00% of the EPO amount.
 - d. In the event that the Borrower(s) Loan File proceeds with the Mortgage Brokerage with an LPC arrangement, the Borrower(s) is not exonerated from repaying the LPC as set forth by the terms and conditions in this document.
- 10) In the event that the Borrower(s) fails to disclose their intent regarding the Sale or Refinance of the property funded by the Wholesale Residential Lender and the Loan had an LPC, the Borrower(s) is still fully obligated to repay any/all EPO Chargeback Demands as set forth by the terms and conditions in this document.
- 11) In the event that the Borrower(s) is made aware by the Mortgage Brokerage or Residential Wholesale Lender that an EPO violation has occurred, and the Borrower(s) “refuses” to repay the EPO amount in full or is incapable of doing so, the Borrower(s) is still fully obligated to repay any/all EPO Chargeback Demands as set forth by the terms and conditions in this document.
- 12) In the event that the Borrower(s) fails to repay the EPO for any reason, the matter shall be remanded to Arbitration or Mediation, with the Arbitrator or Mediator

selected at the sole discretion of the Mortgage Brokerage. The Borrower(s) fully understands and agrees that they will forfeit all rights to dispute their obligation to repay the EPO in full, and that this document shall be presented as tangible and irrefutable evidence to the Arbitrator or Mediator.

I/WE HEREBY ATTEST AND CERTIFY THAT THE INFORMATION CONTAINED HEREIN IS VERIFIABLE AND TRUE, AND THAT I/WE SHALL AGREE AND ADHERE TO THE ANY/ALL OF THE REQUIREMENTS AND CONDITIONS SET FORTH IN THIS DOCUMENT. MOREOVER, I/WE ARE STATING IN NO UNCERTAIN TERMS THAT I/WE ARE NOT UNDER ANY DURESS OR COERCION WHATSOEVER, IN REGARD TO THIS AGREEMENT.

Borrower #1 - PRINT NAME

Borrower #2 - PRINT NAME

Borrower #1 - SIGNATURE

Borrower #2 - SIGNATURE

Date

Date