



**FHA PRINCIPAL-AUTHORIZED AGENT AGREEMENT**

This FHA Principal-Authorized Agent Agreement (the "Agreement") is entered into this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, between **Paramount Residential Mortgage Group, Inc.**, a California corporation, its successors and/or assigns ("PRMG") and \_\_\_\_\_, a \_\_\_\_\_ ("Principal") (individually, the "Party" and collectively, the "Parties").

WHEREAS, Principal is an approved HUD FHA Title II Mortgagee,

WHEREAS, one or more of the following circumstances exist at all times during the term of this Agreement: (i) Principal does not have access to direct mortgage loan funding capacity, including a warehouse line of credit, or (ii) Principal does not employ a DE underwriter on staff,

WHEREAS, Principal desires to originate, process and close FHA residential mortgages to be assigned to PRMG at the time of closing,

WHEREAS, Principal has obtained approval from HUD to act as Principal with PRMG as Agent for Principal,

WHEREAS, PRMG, in the conduct of its business as an approved HUD FHA Title II Direct Endorsed Mortgagee, desires to act as a Authorized Agent (hereafter, "Agent") of Principal to underwrite and fund FHA Title II residential mortgages for Principal,

WHEREAS, Agent and Principal agree that all future FHA loan transactions originated by Principal and funded by Agent shall be governed by the terms of this Agreement unless agreed to by both Agent and Principal in writing before or at the time such transactions are made.

NOW, THEREFORE, in consideration of the mutual covenants and stipulations set forth herein, Agent and Principal agree as follows:

1. Principal may originate FHA loans to be underwritten, approved and funded by Agent's DE underwriter in Agent's sole discretion. Said loans shall be approved and closed in Principal's name.
2. A.. Principal will abide by and indemnify Agent for any and all losses resulting from violations of HUD's Mortgagee Letter 94-16, Tiered Pricing Final Rule.  
B. Principal will honor the terms of any interest rate lock on a mortgage loan that has been underwritten by Agent. Agent will fund loans originated by Principal and underwritten and approved by Agent upon receipt of all required FHA original documents that have been properly-executed and all conditions set forth in Agent's loan approval. Interest accruing on said loans funded by Agent for Principal shall inure to the benefit of Agent beginning on the date loan funds are disbursed by Agent.
3. A. Principal shall complete all steps necessary to perfect title to mortgages funded by Agent under this Agreement in Agent's name prior to Agent's disbursing any loan funds, including but not limited to, delivery to Agent of Agent's prescribed forms of Allonge to Note and Assignment of Deed of Trust properly executed by Principal.  
B. Principal shall fulfill any and all post-funding conditions required by Agent necessary to sell loans funded under this Agreement to Agent's secondary market investors.
4. Principal makes the following representations and warranties as to each mortgage underwritten and funded under this Agreement:  
A. The mortgage has been duly executed by the mortgagor, has been acknowledged, and has been/will be recorded, is valid, and is a first lien on the real property held in fee simple title.

- B. Principal is the sole owner of the mortgage and has authority to sell, transfer and assign the same on the terms set forth in this Agreement, and there has been no assignment or sale thereof by Principal and the assignment to Agent is free and clear of claims or encumbrances of any type.
  - C. The full principal amount of the mortgage has been advanced to the mortgagor, either by payment directly to the mortgagor or by payment made on the mortgagor's request or approval; the unpaid principal balance is as stated; all costs, fees and expenses incurred in making, closing and recording the mortgage have been paid; no part of the mortgaged property has been released from the lien of the mortgage; the terms of the mortgage have in no way been changed or modified, and the mortgage is current and not in default.
  - D. The mortgage is delivered to Agent in insurable condition under HUD's FHA guidelines.
  - E. The mortgage complies with all applicable federal, state and local laws, rules and regulations, including but not limited to, the Real Estate Settlement Procedures Act, the Equal Credit Opportunity Act, the Home Mortgage Disclosure Act, the Truth in Lending Act, the Flood Disaster Protection Act, Usury Laws, Fair Lending Laws, Privacy Laws and Predatory Lending Laws. Principal fully indemnifies Agent against any and all claims, demands and/or actions relating to any alleged violation of such laws, rules and regulations.
  - F. A paid ALTA policy of title insurance issued by an accredited title company approved by Agent in an amount at least equal to the outstanding principal balance of the mortgage is in place and shall be assigned to Agent.
  - G. A hazard insurance policy and a flood insurance policy (if required) in an amount at least equal to the outstanding principal balance of the mortgage or to the full insurable replacement value of the improvements, whichever is less, such policy containing a mortgagee clause and containing suitable provisions for payment on all present and future mortgages on the premises in order of precedence is/are in place and shall be assigned to Agent.
  - H. The assignment of the mortgage from Principal to Agent is valid and sufficient.
  - I. All documents submitted are genuine, and all documents presented by Principal to Agent requiring the mortgagor(s) signatures do, in fact, bear genuine signatures of the mortgagor(s). There are no defects in the loans and all loans are in all respects what they purport to be.
  - J. All loans have been originated in an ethical manner.
  - K. All mortgages shall be closed by a title agency or settlement attorney approved by Agent; no officer, employee or agent of Principal shall close any mortgage loan except as specifically provided herein. Principal shall provide Agent with an original insured closing protection letter for all title agencies and settlement attorneys.
  - L. The Limited Power of Attorney required on all loans delivered to Agent from Principal is fully executed and recorded.
5. All loans originated by Principal and underwritten and funded by Agent are subject to Agent's quality control audit procedures which include, but are not limited to, independent verifications of loan, property and credit information. Principal grants to Agent the right to conduct an on-site review and audit of Principal's loan policies, procedures and records to be performed by Agent's Quality Control Department. Principal will provide internal quality control reports to Agent upon Agent's request. Principal warrants that an FHA Quality Control Plan that meets HUD's requirements is in place and effect on all loans funded by Agent under this Agreement.
6. Principal agrees to repurchase any loan under this Agreement at any time during the life of the loan upon the occurrence and/or discovery of any of the following events:
- A. Principal makes any misstatement of material fact relating to or arising out of any loan;
  - B. Agent is unable to obtain FHA Mortgage Insurance Certificate, or such insurance lapses as a result of any act or failure to act by Principal or mortgagor;
  - C. Principal fails to satisfy the document delivery requirements set forth in paragraph 3 above.
  - D. Any material fraud or misrepresentation, including fraud or misrepresentation by any third party, is determined to exist, including but not limited to, any misrepresentation of income, funds on deposit, employment, etc.

For any loans repurchased by Principal under this Agreement, Principal shall return to Agent any above-par premium or servicing release premium paid to Principal on said loan, plus any additional accrued interest and costs incurred by Agent for action taken. Principal agrees to repurchase any loan assigned to Agent by the expiration date and in the manner stated in the repurchase request issued by Agent. Without limiting any of Principal's rights hereunder, failure to comply may result in the following action: termination of this Agreement, appropriate legal action, and/or withholding fees due Principal.

7. Principal agrees that any loan funded by Agent under this Agreement that is paid in full by refinance by Principal, its agents, affiliates or subsidiaries within the first six (6) payments of the closing date, Principal shall return to Agent any above-par premium or servicing release premium paid to Principal on said loan.
8. Principal agrees that delivery of loans underwritten and approved by Agent is mandatory on each loan that closes. Excessive fallout may result in the suspension or termination of this Agreement and other forms of recourse.
9. Principal shall provide copies of Principal's annual, audited financial statements to Agent within 90 days of Principal's fiscal year-end. Agent may, in Agent's sole discretion, require Principal to provide interim financial statements upon request. Principal's failure to comply with Agent's request for current financial statements may result in the suspension or termination of this Agreement.
10. Principal and all of Principal's originators have filed all reports required by all governmental agencies having jurisdiction over the loans assigned to Agent under this Agreement, and have complied with all applicable federal, state and municipal laws and regulations affecting said loans.
11. Either Party may cancel this Agreement and any addendums and modifications thereto, without cause upon five (5) days' written notice to the other Party.
12. Principal warrants and certifies that Principal is in good standing, licensed and qualified to do business by all appropriate agencies, including HUD for FHA Title II origination, in each jurisdiction in which it operates and in which the mortgage originated under this Agreement has been originated.
13. There is no litigation, proceeding or governmental investigation existing or pending or, to Principal's knowledge, threatened, or any order, injunction or decree outstanding against or relating to Principal that has not been disclosed by Principal to Agent in writing, which could have a materially adverse effect upon the mortgages delivered by Agent under this Agreement. Further, Principal does not know of any basis for such litigation, proceeding or governmental investigation. Neither Principal nor any of Principal's originators has violated any applicable law (including but not limited to, Usury Laws, the Truth in Lending Act, the Equal Credit Opportunity Act or Fair Lending Laws), regulation, ordinance order, injunction or decree, or any other requirement of any governmental body or court, which may affect any of the loans delivered to Agent under this Agreement.
14. Principal agrees that any information provided to Principal by Agent after a loan is delivered to Agent under this Agreement is for Principal's internal use only. Principal agrees to indemnify Agent and hold Agent harmless from any misuse by Principal of any such information provided, and/or any action taken by Principal after receipt of such information which results in a violation of any federal, state or local law or regulation, including but not limited to, violations of the Fair Credit Report Act and the Fair Debt Collection Practices Act.
15. This Agreement or any interest therein may not be assigned or transferred to any other party, including affiliates or subsidiaries of either Party.
16. This Agreement shall be governed and construed under the laws of the State of California. Any disputes hereunder shall be brought in a court of competent jurisdiction in Riverside County, California. In the event of a dispute, the prevailing Party shall be entitled to recover its reasonable attorneys' fees and costs.



# FHA Principal-Authorized Agent Agreement

Correspondent Application Package

*"Built by Originators for Originators"*

- 17. This Agreement represents the entire agreement between the Parties with respect to the FHA Agent Principal relationship, and there are no promises, terms, conditions or obligations other than those contained herein. This Agreement supersedes all previous communications, representations or agreements, either verbal or written, between the Parties hereto.
- 18. Each part of this Agreement is intended to be severable. In the event any provision of this Agreement shall be declared to be invalid, illegal or unenforceable, such invalidity, illegality or unenforceability shall not affect the remaining provisions, which shall remain in full force and effect and shall be binding upon the Parties.
- 19. Principal agrees to notify Agent in writing at Agent's corporate headquarters office of record it, at any time during the term of this Agreement, Principal's circumstances change to include: (i) access to direct mortgage loan funding capacity, including a warehouse line of credit, and (ii) employment of a DE underwriter on Principal's staff. At such point in time as Principal meets these conditions, Principal agrees to notify Agent in writing and immediately cease delivery of FHA loans to Agent for underwriting and funding under this Agreement.
- 20. Agent may, from time to time, at Agent's option, waive any part of this Agreement; however, a waiver of any condition on any loan delivered under this Agreement is not a waiver of conditions on any other loans delivered under this Agreement.
- 21. All provisions and requirements issued by HUD with respect to FHA loans, including but not limited to all requirements contained in HUD Handbook 4155.1, Mortgage Credit Analysis for Mortgage Insurance, One to Four Family Properties, any and all amendments thereto, and all associated Mortgagee Letters issued by HUD, are hereby included and incorporated into this Agreement.
- 22. This Agreement may not be modified without the written consent of both Parties thereto.
- 23. This Agreement shall inure to the benefit of Paramount Residential Mortgage Group, Inc., and its affiliates.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

\_\_\_\_\_ (**"Principal"**)

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

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

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

Date: \_\_\_\_\_

**PARAMOUNT RESIDENTIAL MORTGAGE GROUP, INC. ("Agent")**

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

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

Date: \_\_\_\_\_