

A. POLICY OVERVIEW:

WALL FINANCIAL, INC.'S Broker Approval Policy and Procedures will streamline the process of approving Brokers and retain only the strongest and most reputable Brokers to deliver loans to WALL FINANCIAL, INC... Broker relationships are defined as mortgage loan brokers who originate and process loans submitted to WALL FINANCIAL, INC. for approval and funding in WALL FINANCIAL, INC.'s name. **All Brokers must be approved before loans can be underwritten.**

B. BROKER CRITERIA:

The Broker must meet the following criteria:

- Be properly licensed and authorized to originate and broker loans that meet WALL FINANCIAL, INC. product line and underwriting requirements.
- Have been in business for at least two years. In cases of newer firms, principals should have at least five years experience in mortgage lending.
- Have a good reputation in the industry with proven references and a high level of professionalism and strong ethical standards.
- Have a “good standing” rating with all governmental licensing and revenue collection agencies with a public record clear of any civil or criminal judgments. A Broker whose firm has been suspended or is currently under investigation will not be approved or may not be renewed to do business with WALL FINANCIAL, INC.
- For all sole proprietors and partners, a personal credit profile of “A-” or better is required. In the case of corporations, WALL FINANCIAL, INC. may request personal credit reports from the corporate officers if the corporation’s credit report is not satisfactory. Past credit difficulties will be reviewed on a case by case basis. A letter from the Broker explaining the derogatory item(s) may be required.

C. DOCUMENTATION REQUIREMENTS:

Documentation needed for a Broker approval may vary, but **in all cases** the following items are required:

1. A completed and signed Application (Exhibit “A”).
2. One (1) signed Wholesale Broker Agreements with Branch Rider if applicable. (Exhibit “A”)
3. In the case of sole proprietorships or partnerships, completed Credit Consent forms (Exhibit “C”) signed by the owners/partners and the broker of record.
4. Resumes for the principal officers and key managers of the firm. Include the resume(s) of the individuals who hold the lending/broker license.
5. Copies of all current lending licenses or exemption certificates from states in which the Broker currently does business. The license must show the fictitious business name (if applicable). In states where applicable, corporations must have an officer’s license.
6. For Branch Offices: Branch Set-Up Form, licenses and a Letter of Good Standing from the corporate office.
7. In the case of corporations, a Corporate Resolution specifically authorizing the Broker to enter into a contract with WALL FINANCIAL, INC. and indicating which officers are authorized to enter into commitments with WALL FINANCIAL, INC. and execute agreements and other documents on behalf of the Broker. The Corporate Resolution must include the corporate name as well as its commonly known “d/b/a” (Exhibit “D”). For limited liability companies, a copy of the Operating Agreement indicating the members authorized to enter into commitments or execute agreements is acceptable.
8. A signed Loan Fraud Zero Tolerance and (Exhibit “F”)
9. FHA TPO Origination Program Form including all requirements listed (see Exhibit “G”).
10. Broker Compensation Agreement: Required to originate loans (see Exhibit “H”).

D. Please email the broker approval package to broker.approvals@mywfi.com or fax to 818.409.9096



Broker Approval Process

1. **BROKER FILLS OUT THE WALL FINANCIAL, INC. BROKER APPROVAL PACKAGE**

The Broker must fill out the Wall Financial, Inc. Broker Approval Package then **fax it to 610-680-3838 or email it to broker.approvals@goWFInc.com**. The package must include all applicable forms from the Broker Approval Package including:

- Wall Financial, Inc. Wholesale Broker Application – **required**
- Wall Financial, Inc. Broker Agreement – **required**
- Rider to Seller Agreement For All Branch Locations – **if applicable**; for Brokers with branch locations
- Credit Consent – **if applicable**; for Brokers organized as a sole proprietorship or partnership
- Corporate Resolution – **if applicable**; for Brokers organized as a corporation
- Loan Fraud Zero Tolerance – **required**
- Branch Set-Up Form – **if applicable**
- FHA TPO Origination Program Form – **if applicable**
- Resumes – **required**; Broker must submit resumes for the principal officers and key managers of the firm
- Licenses – **required**; the Broker must submit all current lending licenses or exemption certificates

2. **WALL FINANCIAL, INC. REVIEWS & PROCESSES THE BROKER'S APPROVAL PACKAGE**

Wall Financial, Inc.'s processing center reviews the submitted Broker Approval Package. If there are any missing items from the package the broker will receive an email (the AE will be copied). The Account Executive is responsible for following up with the Broker to make sure the missing items are submitted in a timely manner.

Our processing center also orders a Fraud Guard report on the company. This report does a background check on the business and it takes 48 hours to complete.

3. **WALL FINANCIAL, INC. REVIEWS THE FRAUD GUARD REPORT**

If the results of the Fraud Guard report are clean (without any violations) the broker is almost ready to be approved (see Step 4, below).

If the Fraud Guard report has a violation the Broker will be emailed (and the AE will be copied). The Broker must submit a Letter of Explanation on company letterhead which states: when the violation occurred, what happened, how it was fixed and the safeguards implemented to ensure it does not occur again. Wall Financial, Inc. management will review the letter and make the final decision on the approval.

4. **WALL FINANCIAL, INC. DOES A FINAL REVIEW**

The Wall Financial, Inc. processing center checks to ensure we have all required items from the Broker Approval Package.

5. **WALL FINANCIAL, INC. ISSUES THE BROKER'S APPROVAL**

The Broker will receive a welcome email that includes their Account Executive's contact information and their Broker ID number (this number will be used when filling out Wall Financial, Inc.'s lock-in form). In addition, a copy of the signed Wall Financial, Inc. Broker Agreement along with some other useful forms will be mailed to the broker's headquarters.

HOW TO SET-UP BRANCH LOCATIONS:

Fill out the Branch Set-Up Form (the last page of the Broker Approval Package) for each branch location and submit it along with your branch's lending licenses or exemptions and a Letter of Good Standing from the Broker's corporate office. Fax these items to 818.409.9096 or email them to broker.approvals@mywfi.com



WHOLESALE BROKER APPLICATION

Company Name: _____ Tax I.D. #: _____

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

Primary Phone No.: () _____ Primary Fax No.: () _____ Web Site Address: _____

Parent Company (if applicable): _____

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

Date Organized/Incorporated: _____ Form of Organization: %o Corporation %o Sole Owner %o Limited Liability Company
Organized/Incorporated In What State: _____ (Check one) %o Bank Charter %o Partnership %o Limited Liability Partnership

Lending State(s): _____

If closely held, list owners showing relative ownership and position:

| <u>Name:</u> | <u>Position:</u> | <u>Percentage:</u> |
|--------------|------------------|--------------------|
| _____ | _____ | _____ % |
| _____ | _____ | _____ % |

Number of Full-Time Employees: _____ Number of Branches: _____ List Address, Phone Number and Branch Manager separately

| | | | |
|---|---------------------------------|--------------------|--------------------|
| How did you hear about Wall Financial? (check one) | %o WFI Representative | %o Broker Referral | %o Flyer by Fax |
| | %o Broker Convention/Conference | | %o Flyer by e-mail |
| | %o Other: _____ | | |

LIST NAME, TITLE AND SOCIAL SECURITY NO. OF ALL COMPANY OFFICERS

| | | |
|---------------|----------------|--------------|
| _____ Name | _____ Title | _____ SS# |
| _____ Name | _____ Title | _____ SS# |
| _____ Name | _____ Title | _____ SS# |

PLEASE PROVIDE THE FOLLOWING NAMES AND PHONE NUMBERS

Please indicate on a separate sheet the address for any of the below individuals if different from the Company's main address above:

| | |
|---|---|
| Production & Marketing Contact Name: _____ Telephone No.: () _____ | E-mail Address: _____ Fax No.: () _____ |
| Guideline & Product Updates Contact Name: _____ Telephone No.: () _____ | E-mail Address: _____ Fax No.: () _____ |
| Pricing Changes Contact Name: _____ Telephone No.: () _____ | E-mail Address: _____ Fax No.: () _____ |
| Legal Correspondence Contact Name: _____ Telephone No.: () _____ | E-mail Address: _____ Fax No.: () _____ |

PLEASE INCLUDE THE FOLLOWING WITH THIS APPLICATION

Your application MAY not be considered until we are in receipt of the following:

- %o **For Corporations**, a Corporation Resolution authorizing company to enter into an agreement with the Wall Financial, Inc. and further or
Indicating officers authorized to sign on behalf of corporation
- %o Signed Loan Fraud Zero Tolerance form
- %o Completed Credit Consent forms from owner(s) and broker of record **(Sole Proprietorships & Partnerships only)**
- %o Copy of current Broker/Lending License
- %o Resumes of all officers and personnel who oversee originations
- exemption letter for states where you originate loans

PRODUCTION FOR PREVIOUS TWELVE MONTHS

| Product Type | Loan Volume | Dollar Volume |
|--------------|-------------|---------------|
| Conforming | # _____ | \$ _____ |
| FHA | # _____ | \$ _____ |
| Jumbo | # _____ | \$ _____ |
| Alt-A | # _____ | \$ _____ |
| Sub-Prime | # _____ | \$ _____ |

BUSINESS REFERENCES

List five (3) lenders with whom you have done business in the last 12 months:

| | | |
|---------------------|------------------------|--------------------|
| 1) _____ Company | _____ Contact/Title | () _____ Phone |
| 2) _____ Company | _____ Contact/Title | () _____ Phone |
| 3) _____ Company | _____ Contact/Title | () _____ Phone |

PLEASE RESPOND TO THE FOLLOWING

Yes No Has your company been suspended or terminated by any investor, lender or state regulatory or licensing agency? If yes, please explain:

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

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

Yes No Has your company ever been denied, suspended or disqualified by HUD or VA? If yes, please explain:

What is your VA ID number? **VA ID#** _____

AUTHORIZATION

By executing this application, Applicant and each of the above named officers hereby authorize Wall Financial, Inc. ("WFI") to obtain positive identification of information the Applicant provided in this application and to obtain personal credit reports, business reference reports and other information that is of concern to WALL FINANCIAL, INC... Broker acknowledges that such reports and information will be obtained and used only in connection with WALL FINANCIAL, INC.'s approval of Applicant and evaluation of Applicant's eligibility to do business with WALL FINANCIAL, INC. and not for any consumer credit or other purpose.

Applicant certifies to its best belief and knowledge that the information provided herein is true and correct.

Wall Financial, Inc. agrees that any financial information provided by the applicant will be treated as confidential and will not be released to any third party.

Signature Title Date

BROKER AGREEMENT

THIS AGREEMENT is entered into in the State of California this _____ day of _____, _____ between Wall Financial, Inc. Inc, hereinafter referred to as “WFI”, and

_____ hereinafter referred to as “Broker.”

WHEREAS, the parties wish to establish a non-exclusive relationship between and for the benefit of WFI and Broker, Broker will submit to WFI, from time to time, selected and completed applications of eligible applicants for mortgage loans for review, underwriting and potential approval by WFI.

AGREEMENT

NOW, THEREFORE, in consideration of the promises, covenants and agreements hereinafter contained, the parties agree as follows:

1. General Broker Responsibility:

Broker shall perform all of the following duties and functions at Broker’s sole expense and Broker agrees to truthfully provide and perform these conditions in addition to the other promises, representations and covenants contained herein: Submit to WFI completed mortgage loan application packages (“Packages”) from applicants using such forms and under such programs, procedures and fee schedules as WFI periodically may establish.

- A. Furnish WFI the applicant’s credit, financial and other information as WFI may require.
- B. Provide such additional information as WFI may reasonably request to assist WFI in marketing the mortgage loans to the secondary market. Broker understands that such a request may occur after the closing of the mortgage loan by WFI.
- C. Perform such other services as WFI shall require to close a mortgage loan.
- D. Comply with all applicable local, state and federal laws, including but not limited to, Real Estate Settlement Procedure Act, the Equal Credit Opportunity Act, the Truth-In-Lending Act, the Fair Credit Reporting Act and any other governmental regulatory requirements relevant to brokerage of real property secured loan applications in each jurisdiction where the real property securing the promissory note is located.

2. Broker is an Independent Contractor:

Broker acknowledges that nothing in this Agreement shall be construed to create a joint venture between Broker and WFI. In addition, nothing in this Agreement shall be construed to make Broker a partner, agent, representative, or employee of WFI, and Broker shall not hold itself out as such. Broker may not use WFI’S name in any advertising medium. Broker agrees that it shall conduct any and all business activities as an independent contractor to WFI. As an independent contractor, Broker shall determine the method, details and means of performing of all services described within this Agreement.

3. Broker’s Warranties:

Broker represents and warrants to WFI at the time any mortgage loan Package is submitted to WFI, at the time that any mortgage loan is funded and closed that:

- A. Broker shall not submit any Loan application or related document that contains any false, fraudulent, or misrepresented information or statements, or omit any material fact necessary to make any statement or information included in such Loan application or related document true and accurate. Broker shall be responsible for all actions taken in the course of its performance of its obligations under this Agreement and acknowledges that it is responsible for fraud, whether performed by Broker, its Employees, its licensees, the applicant or any third party vendor. Broker understands and agrees that in the event WFI reasonably believes misrepresentation or fraud (e.g., instances of misstatements and/or inconsistencies generated either by the Broker or with the Broker’s Knowledge) exists in a Loan application or Loan document, WFI may report such misrepresentation or fraud to the appropriate state and federal regulatory authorities, law enforcement agencies, and fraud databases. Broker acknowledges the importance of WFI’S right and necessity to disclose such information. Broker waives any and all claims for liability, damages, and equitable or administrative relief in connection with WFI’S disclosure of such information

- B. Unless otherwise exempt, Broker is in compliance with all business licensing requirements to do business in the state(s) in which Broker originates any mortgage loan and possesses and agrees to maintain as valid, all necessary licenses, permits, and authority to engage in activities contemplated by this agreement.
- C. Unless disclosed to WFI in writing before the funding of any mortgage loan, Broker shall not receive any direct or indirect payment from any person other than the applicant with respect to the mortgage loan, including, without limitation, a payment involving escrow, appraisal or sale, and Broker (and Broker's agents, employees, officers and directors) shall have no direct or indirect ownership in any property intended as security for the mortgage loan being reviewed by WFI without prior approval by WFI.
- D. Broker, if it is a corporation, is duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation, and has full power and authority to own its assets and carry on its business as it is now being conducted, and is duly qualified to transact business where such qualification is required.
- E. All real estate appraisals made in connection with each mortgage loan shall have been performed in accordance with WFI's Underwriting Guidelines and in accordance with industry standards in the appraising industry in the area where the appraised property is located and accurately represents the value of the appraised property. All of the appraisers selected by the Broker who have performed appraisals in connection with the Mortgage Loans submitted to WFI for funding have been properly licensed and are currently approved in accordance with the provisions of the Wholesale Seller Guide.
- F. That all mortgage loan applications submitted to WFI will be originated and prepared by trained employees of Broker, competent in all relevant aspects of mortgage lending activities and will be properly originated, prepared and completed in accordance with the procedures and guidelines of WFI which shall be known to Broker. Further, Broker agrees to deliver to WFI any and all exhibits or documents obtained or prepared by the Broker in connection with each loan submitted.
- G. That Broker has the requisite authority and capacity to enter into this Agreement.
- H. Any mortgage loan Broker submits to WFI have met all material requirements of federal, state, or local laws, including but not limited to, Usury, Truth-In-Lending, Real Estate Settlement Procedures, Consumer Credit Protection, Equal Credit Opportunity, Loan Disclosure Laws, the Flood Disaster Protection Act, and the Fair Credit Reporting Act and Broker shall maintain in its possession, available for WFI's inspection, and shall deliver to WFI upon demand, evidence of compliance with all such requirements.
- I. Broker has no knowledge of any circumstances or conditions with respect to the loan submitted to WFI for underwriting or funding, that the mortgaged property, the mortgagor or the mortgagor's credit standing can be reasonably expected to cause institutional investors to regard the Mortgage Loan as an unacceptable investment, cause the Mortgage Loan to become delinquent or materially adversely affect the value or marketability of the Mortgage Loan.
- J. With regard to FHA or VA insured Mortgage Loans, the Federal Housing Commissioner or VA, as applicable, has or will issue his Mortgage Insurance Certificate or Loan Guaranty Certificate; and payment due on the mortgage insurance premium has been paid to the insuring authority by WFI; nothing has been done or omitted, and no circumstances exist, the affect of which act, omission or circumstance would invalidate the contract of insurance with the FHA or VA as applicable; and the Mortgage Loan complies with the regulations of the FHA or VA as applicable.
- K. All information submitted by Broker to WFI with regard to the Mortgage Loan, including all written materials, are presented and warranted by Broker to be true, correct, currently valid and genuine; in all material respects, as to information within Broker's knowledge and as reported by each applicant.
- L. To the best of Broker's knowledge, there are no undisclosed agreements between the Mortgagor and Broker concerning any facts or conditions, whether past, present or future, which might in any material way affect the obligations of the Mortgagor to make timely payments or make the Mortgage Loan non saleable in the secondary market.
- M. Broker shall promptly advise WFI of any material change relating to the Broker including, but not limited to, a change in ownership, financial condition or senior management.
- N. With respect to subsection (A) through (N), inclusive of this section 3, Broker will promptly notify WFI if Broker becomes aware of any terms, conditions, warranties, representations or covenants hereunder become untrue or incomplete in all material respects in the future.

4. Indemnification:

Broker agrees to indemnify and hold WFI harmless from any and all liability, claims, loss or damage resulting from any act or omission of Broker. If any claim, action or proceeding shall be asserted or brought against WFI by reason of any such act or omission of Broker, Broker shall, upon demand, obtain representation by legal counsel acceptable to WFI to defend WFI against any such action and/or claim and Broker shall pay all reasonable costs incurred in such defense. Furthermore, Broker agrees to defend, indemnify and hold WFI harmless with respect to any damages arising from or in connection with Broker's use, for any Mortgage Loan, of any non-industry standard form not provided or approved by WFI. Broker further agrees to defend, indemnify and hold WFI harmless from miscalculations and other errors which results from Broker's independent application and processing procedures and for its misuse of forms required by WFI. Broker also agrees to defend, indemnify and hold WFI harmless from claims asserted against WFI under provisions of RESPA, including without limitation, claims based upon, or arising as a result of, any payments received by Broker in the nature of yield spread premium,

service released premium, back points, discount points, broker rebates, and the like. All of the aforementioned representations and warranties shall survive the closing of each Mortgage Loan transaction, and shall inure to the benefit of WFI, and its successors and future assignees.

Broker agrees to indemnify and hold WFI harmless from any and all liability, claims, loss or damage (including without limitation, attorney fees and other litigation expense), extraordinary servicing costs, carrying costs related to any default of the subject mortgage loan to include any litigation, bankruptcy, foreclosure or sale of property by WFI as a result of any of the following circumstances:

- A. Any misstatement of material fact is discovered by WFI or its representative or assigns or disclosed to WFI or its representative or assigns by inspection by WFI or its representatives
- B. Any term of this Agreement is breached by the Broker
- C. Any material fraud or misrepresentation with respect to information submitted on a particular Mortgage Loan is determined to exist by WFI or another investor. This includes, but is not limited to, any misrepresentation of income, credit, assets, employment, or occupancy status. Broker shall be responsible for all actions taken under this Agreement, whether performed by Broker, its employees or licensees, the Applicant or any other third party involved in the origination of the loan.
- D. WFI is required to repurchase any mortgage loan which it has sold to an investor, or which it has placed or pledged to a mortgage pool, which repurchase requirement is as a result of the mortgage loan being a defective loan as the result of any act or omission of Broker; or
- E. If the Mortgagor(s) fail to make the first payment due to WFI or failure to make a first payment to any investor within 30 days of payment due date on any loan funded by WFI.

5. TERMS OF INDEMNIFICATION

- A. Broker may be required (at WFI'S option) to remit to WFI immediately upon demand, a good faith advance to be applied by WFI to cover any such loss, and
- B. Broker may be required (at WFI'S option) to remit to WFI immediately upon demand a nonrefundable loan administration fee, and
- C. Broker is required to fully reimburse WFI for the servicing released premium originally paid to Broker at the time the mortgage loan was funded by WFI whether such premium was included in the gross price paid or referenced separately, and
- D. Broker is required to remit to WFI immediately upon demand any additional amount to cover actual loss to WFI not otherwise reimbursed by the good faith advance or loan administration fee as outlined above.

Any good faith advance and additional amounts required in section 5 herein in excess of actual losses will be returned to Broker upon final loss reconciliation by WFI. Broker agrees that its failure to comply with the terms of the indemnification sections within this agreement shall give WFI the right to seek full repurchase of said mortgage loan.

6. REFUND FOR PREPAYMENT OF MORTGAGE LOAN

In the event that any loan closed by WFI that subsequently pays in full within 180 days of disbursement date, Broker agrees to refund all yield spread premiums paid to Broker by WFI within 10 days of written notification of said payoff. Alternatively, WFI at its sole option may waive this refund referenced above if there is a prepayment penalty on the loan or if Broker contacts WFI prior to the closing of the reference transaction and negotiates a purchase price for the new loan in an amount satisfactory to WFI.

7. WFI and/or its Underwriter Has Sole Discretion to Approve Mortgage Loans:

WFI agrees to review all packages submitted to them by Broker; however, mortgage loan approval shall be within WFI's sole discretion. Broker shall not represent that WFI has approved or will approve any mortgage loan until Broker is so informed by WFI in writing. Mortgage loans shall close in the name of WALL FINANCIAL, INC. and WALL FINANCIAL, INC. shall appear on the promissory note as beneficiary. In the event that a mortgage loan application is denied, WFI shall cause to be delivered to Broker a statement of credit denial, termination or change. Broker agrees to inform Applicant of the adverse action on the mortgage loan application in accordance with the regulations of the Equal Credit Opportunity Act.

For all loans which are closed by WFI, WFI will review the mortgage loan prior to closing and determine if the loan meets all requirements. Broker acknowledges that failure of WFI to review or discover any deficiency or error in the mortgage loan or the loan file at time of closing by WFI will not release Broker from its obligations to provide any required documentation or correct any errors subsequently discovered. Nor will such a failure to review or discover deficiencies or errors prevent or inhibit WFI'S exercise of any of its remedies hereunder.

8. Change in Underwriting Standards:

Broker agrees that WFI'S underwriting standards may be amended at any subsequent time upon reasonable prior written notice to Broker. Upon such change and written notice, Broker shall comply with all modified underwriting guidelines and modifications thereto. In the event WFI purchases a mortgage loan which does not comply with guidelines, the exception must be pre-approved in writing by WFI and WFI may purchase such loans at WFI'S option and sole discretion; provided, however, that any such purchase shall not constitute a waiver of any other guidelines, except as to that loan, and shall not obligate WFI to purchase any other mortgage loans which do not strictly conform to said guidelines.

9. Inspection Rights of WFI:

Broker agrees to keep and maintain its books and records as to mortgage loans hereunder so as to meet and comply with Federal and State laws and regulations. Broker understands that WFI will maintain an active Quality Control System and that WFI may routinely re-verify pertinent credit documentation and appraisals submitted by Broker even after a loan is closed.

10. No Assignment of Broker's Rights or Duties:

Broker shall not have the right to assign any of its duties, obligations, or rights under this Agreement without the prior written consent of WFI, which consent is subject to WFI'S sole discretion.

11. Arbitration of Disputes, Attorneys Fees:

Any controversy, claim or dispute among the parties arising out of this contract, or the breach thereof, shall be settled by arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration and judgment upon the award rendered by the Arbitrator may be entered in any court having jurisdiction. The fees and costs incurred in any such arbitration (exclusive of each party's attorney's fees and costs) shall be borne equally between the parties. However, the prevailing party from such arbitration shall be entitled to recover its attorney's' fees in addition to any other relief to which it may be entitled. Should either party fail or refuse to pay its share of the fees and costs, then the non refusing party may advance those fees and costs and the non paying party shall then be deemed to have waived their right to participate in the binding arbitration and shall be precluded from participating in the arbitration unless and until they have reimbursed the advancing party. Any such reimbursement must be at least 14 days prior to the Arbitration Hearing date in order to cure the default of the non paying party.

12. Entire Agreement:

This Agreement constitutes the entire Agreement between the parties pertaining to the subject matter contained in it and supersedes all prior and contemporary Agreements, representations and understandings.No supplement, modification or amendment shall be binding unless executed by both parties, except where WFI has been specifically granted the right to do so hereunder. It is the intention of the parties hereto that this Agreement shall be construed under and according to the substantive laws of the state of Pennsylvania and shall not be binding until executed by WFI. All questions regarding the validity, interpretation or performance of any of its terms, representations and warranties of any rights or obligations of the parties shall be governed by the laws of the State of Pennsylvania.

13. Enforceability of Agreement:

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

14. Further Acts of Parties:

Each party shall perform any further acts and execute and deliver any documents that may be reasonably necessary to carry out the provisions of this Agreement.

15. Captions:

Any captions hereunder are for convenience or reference only and are not to be construed, confining or limiting in any way to the scope or intent of the provisions hereof.

16. Waiver:

The waiver of any breach, term, provision or condition of this Agreement shall not be construed to be a waiver of any other breach, term, provision or conditions. All remedies afforded by this Agreement, or breach hereof, shall be cumulative, that is, in addition to all other remedies provided herein at law or in equity.

17. Attorney-in-Fact:

Broker appoints WFI as their attorney-in-fact to do any and every act that Broker is obligated or required to do to effectuate the transfer and sale of mortgage loans to WFI. This shall include, but not be limited to, the right to sign or correct documents and do all those things necessary on behalf of Broker to carry out Broker's duties or obligations in any such transfer or sale.

WALL FINANCIAL, INC.:

Date: _____, _____

By: _____

Its: _____

BROKER:

Date: _____, _____

By: _____

Its: _____

**RIDER TO SELLER AGREEMENT FOR ALL
BRANCH LOCATIONS**

CORPORATE/PARENT ACCOUNT:

Company/Broker NAME _____

This Rider is attached to and forms a part of the Broker Agreement (“Agreement”) recently entered into between Wall Financial, Inc. (“WFI”) and the above referenced corporate/parent account (“Broker”) dated _____, 20____.

WFI shall approve and issue individual Broker identification numbers to each of Seller’s branches listed in the attached Addendum to this Rider. Each such branch shall be bound by the terms of this Agreement and this Rider. Any individual branch can be added to this Agreement with the written consent of WFI, and any individual branch can be deleted pursuant to this Agreement and other applicable provisions within the Agreement. The relationship between WFI and any individual branch may be terminated without affecting the application of the Agreement to any and all other branches of Broker, and the Agreement shall otherwise remain in full force and effect as Broker and all other approved branches.

Broker acknowledges and agrees that it is responsible for the performance of all terms and obligations set forth in the Agreement by each branch listed in the Attached Addendum or approved subsequently by WFI’s consent (“Approved Branch”) and that Broker shall be liable for any branch of the agreement by any Approved Branch.

Seller:
By Owner or Corporate Officer:

Signature

Printed Name

Title

Date

ACKNOWLEDGMENT AND CONSENT: Wall Financial, Inc.

By: _____

Its: _____

Dated: _____



Wall Financial Inc.

Credit Consent

We hereby give our consent to have the Wall Financial, Inc. and/or its designated credit reporting bureau, obtain any and all information concerning our employment, checking and/or savings accounts, obligations and all other credit matters which they may require in connection with our application to broker loans.

This form may be reproduced or photocopied. A copy of the original signed form shall be considered effective consent.

Owner or Partner

Date

Owner or Partner

Date

Owner or Partner

Date

CORPORATE RESOLUTION

I hereby certify that I am the Secretary of _____

_____,
a corporation of the State of _____, and that as such Secretary, I have custody of the records of this Corporation, and by virtue of such action, the Board of Directors passed the following resolution at a meeting dated _____, _____, which is now in force and is not in conflict with the Charter or Bylaws of the Corporation.

RESOLVED, that the officers and agents of this Corporation appointed and named below are hereby authorized in the name of and on behalf of the Corporation to enter into an agreement with Wall Financial, Inc. to sell and/or broker mortgage loans, and that these individuals are each and severally authorized to sign on said agreement and on behalf of the Corporation and to effect any changes with respect thereto.

FURTHER RESOLVED, that these individuals are each and severally authorized to enter into commitments with Wall Financial, Inc. and to execute any and all other documents on behalf of this Corporation.

FURTHER RESOLVED, this Corporation is authorized to sign an agreement as required by WFI Mortgage Group

FURTHER RESOLVED, that this authorization shall remain in force until Wall Financial, Inc. receives, at its office, a certified copy of a resolution of this Corporation to the contrary, revoking all previous authorizations heretofore given. The revocation of previous authorizations, with respect to said account, shall not affect the validity of any item signed by the person or persons, at the time authorized to act.

Authorized Agent (Typed Name/Signature)

Authorized Agent (Typed Name/Signature)

Authorized Agent (Typed Name/Signature)

Authorized Agent (Typed Name/Signature)

Authorized Agent (Typed Name/Signature)

Authorized Agent (Typed Name/Signature)

Authorized Agent (Typed Name/Signature)

Authorized Agent (Typed Name/Signature)

IN WITNESS WHEREOF, I have executed this resolution in my capacity as Secretary of this Corporation this _____ day of _____, in the year _____.

Secretary (Signature)



Wall Financial Inc.

700 North Brand Blvd. Suite 405
Glendale, CA 91203
(818) 409-1991

To all Prospective *Wall Financial, Inc.* Clients:

This letter is to inform you of *Wall Financial, Inc.*'s policies regarding nondiscrimination and abusive lending practices.

The management and staff of *Wall Financial, Inc.* is committed to the practices of fair lending. It is the policy of this company to make credit products available to all applicants who meet our business focus in a fair and consistent manner within the confines of safe and sound business practices.

Wall Financial, Inc. does not discriminate against any credit applicant on the basis of race, color, religion, national origin, marital status, age (providing the applicant is of legal age and has the capacity to enter into a binding legal contract), sex, disability, familial status, receipt of public assistance, or if the individual has exercised in good faith any right under the Consumer Credit Protection Act, or on any other prohibited basis.

Wall Financial, Inc. also requires loan terms, rates and fees to be consistent with the borrower's qualifications, that the borrowers have the ability to repay the obligation and that borrowers receive a tangible benefit from the loan transaction.

Wall Financial, Inc. has adopted the attached "Fair Lending and Consumer Best Practices Guidelines" and expects the companies with whom it does business to adhere to similar nondiscriminatory and fair lending policies throughout the lending process. The companies' policy extends to application procedures, pricing of loans or services, marketing practices, closing procedures, and compensation programs.

I encourage you to contact me with any questions about this policy.

Sincerely,

Young Min Riego
Young Min Riego
President, Wall Financial, Inc.

FAIR LENDING AND CONSUMER "BEST PRACTICES" GUIDELINES

Wall Financial, Inc. is strongly committed to making loans available to all consumers on fair and reasonable terms. We agree to conduct our businesses in an ethical manner that reflects the highest standards of professionalism, integrity, competence, courtesy and diligence. Our industry has been challenged by allegations of unscrupulous practices described as equity stripping (making a series of loans that result in the borrower's loss of equity and ultimately loss of the property), flipping (the practice of refinancing loans where the borrower receives little or no benefit and the lender charges unnecessary fees) and packing (the practice of including hidden fees and expenses). The purpose of these standards is to communicate to all lending professionals and the public alike that we do not endorse such practices. These guidelines are meant to serve as guides to meet our members' business objectives within a context that is fair and equitable to all consumers. Accordingly, we subscribe to the following Best Practices Guidelines:

General:

- **Laws and Regulations** - Comply with all applicable state and federal laws and regulations including, but not limited to, the Equal Credit Opportunity Act, the Fair Housing Act, the Fair Credit Reporting Act, the Truth-in-Lending Act, and the Real Estate Settlement Procedures Act.
- **Confidentiality** - Respect borrowers' privacy rights by complying with federal and state privacy laws.
- **Equitable Treatment** - Maintain a work environment that encourages compliance with these fair lending and consumer best lending practices and facilitates the fair and equitable treatment of consumers.
- **Professionalism** - Endeavor to employ a workforce of talented, qualified individuals with diverse backgrounds in compliance with applicable law.
- **Procedures and Training** - Establish internal compliance, fair lending, servicing, quality, audit and disciplinary procedures. Provide training to employees and communicate these procedures to company personnel, brokers and others with whom the company does business.
- **Compliance** - Establish internal procedures to promote compliance with these best practices and applicable law and to provide that senior management is promptly made aware of any significant problems or failures to comply as appropriate, and that management takes appropriate steps to rectify such problems.
- **Report Violations** - Encourage every employee to report to senior management violations of these best practices or questionable activities in accordance with company procedures, which provide that no employee will be subject to disciplinary or retaliatory action for a good faith reporting of a suspected violation.
- **Internal Review** - Review, on a periodic basis, random samples of loan files to determine compliance with these Fair Lending and Consumer Best Practices guidelines and applicable law.
- **Customer Contact Employee Evaluation** - Evaluate the behaviors of "customer contact employees" through appropriate measurement tools.

Sales and Marketing:

- **Licensing** - Exercise due diligence to determine that loan officers, correspondents and/or brokers are properly licensed, where applicable.

- **Equal Treatment** - Treat all consumers fairly with regard to loan pricing, underwriting and servicing regardless of race, color, age, gender, marital status, familial status, religion, disability or national origin.
- **Non-Discriminatory Pricing Guidelines** - Adopt and apply consistent "risk based" and service based loan pricing to consumers in a non-discriminatory manner with respect to rates, fees and terms.
- **Advertising** – Review advertising and marketing material to facilitate compliance with federal, state and local law. Adopt marketing practices that promote the offering of the broadest array of products to the broadest range of customers, as practicable, and avoid practices based upon inappropriate classifications.
- **Notices** – Provide training and review to assure that all notices required by Federal or State Law are delivered to the borrower including, but not limited to, the Federal "Notice of Right to Rescind," where so required. Provide training and review to help assure that sales personnel understand the purpose of the notices provided.

Application and Underwriting:

- **Underwriting Policies** - Implement and disclose sound underwriting policies and procedures.
- **Ability to Repay** – When making or negotiating a loan, take into consideration the financial ability of the borrower to repay the loan and to determine whether the borrower could be reasonably expected to repay the loan in the time and manner provided for in the loan contract.
- **Refinances** – Provide systems and procedures to review a proposed loan transaction to refinance a loan within the first 12 months to help assure that such proposed transaction provides a benefit to the borrower.
- **Underwriting Exceptions** – Where appropriate establish policies and procedures for granting underwriting exceptions and maintain exception explanations to promote fair lending.
- **Clear Documentation** - Draft documents in simple, clear and unambiguous language as reasonably as possible and permitted by law. Provide disclosures in the native language of the borrower, if reasonably possible and permitted by applicable law.
- **Disclosure** - Provide consumers with accurate and timely disclosure of terms, costs and fees, in accordance with law.
- **Credit Insurance** – Provide that any information on credit insurance or supplemental products is given in a clear and informative manner; and inform the consumer that the purchase of any such product is voluntary and is not due to the extension of credit having been conditioned upon such purchase.

Servicing and Collections:

- **Collection Policies** – Establish and disclose reasonable and ethical debt collection practices in accordance with law.
- **Due Diligence** - Monitor delinquent accounts in an effort to minimize serious default.
- **Complaint Resolution** – Provide training for personnel in handling disputes and promptly follow up all borrower complaints and inquiries in a good faith attempt to obtain customer satisfaction.
- **Notices** – Provide borrowers with all notices within the timeframes as required by law.

Delinquency and Default:

- **Training** - Train personnel to treat borrowers in default with respect.
- **Notices** - Provide borrowers in default with all notices within the timeframes as required by law.
- **Counseling** - Advise borrowers in default of the availability of independent, third party credit counseling, as available.
- **Due Diligence** – Maintain appropriate review of files in default to determine that all policies and procedures are being followed.

LOAN FRAUD ZERO TOLERANCE

All approved Wholesale Loan Brokers must be aware that the principal owner of a licensed mortgage broker bears the responsibility for all actions of the broker's employees. The broker is responsible for the content and quality of each application taken and each loan submitted to Wall Financial, Inc..

THE SUBMISSION OF A LOAN APPLICATION CONTAINING FALSE INFORMATION IS A CRIME!

Types of Loan Fraud

1. Submission of inaccurate information, including false statements on loan application(s) and falsification of documents purporting to substantiate credit, employment, deposit and asset information, personal information including identity, ownership/non-ownership of real property etc.
2. Forgery of partially or predominantly accurate information.
3. Incorrect statements regarding current occupancy or intent to maintain minimum continuing occupancy as stated in the security instrument.
4. Lack of due diligence by broker/loan officer/interviewer/processor, including failure to obtain all information required by the application and failure to request further information as dictated by Borrower's response to other questions.
5. Unquestioned acceptance of information or documentation that is known, should be known, or should be suspected to be inaccurate.
 - A. Simultaneous or consecutive processing of multiple owner-occupied loans from one applicant supplying different information on each application.
 - B. Allowing applicant or interested third party to "assist with the processing of the loan."
6. Broker's non-disclosure of relevant information.

Impact of Loan Fraud

The effects of "Loan Fraud" are costly to all parties involved. Wall Financial, Inc. stands behind the quality of its loan production. Fraudulent loans cannot be sold into the secondary market and, if sold, will require repurchase by WFI. Fraudulent loans damage our reputation with our investors and mortgage insurance providers.

The price paid by those who participate in "Loan Fraud" is even more costly. The following is a list of a few of the potential consequences that may be incurred:

Consequences to Broker

1. Criminal prosecution.
2. Loss of Broker's license.
3. Loss of lender access due to exchange of information between lenders, mortgage insurance companies including submission of information to investors (Freddie Mac/Fannie Mae), police agencies, and the State Licensing Agencies.
4. Civil action by Wall Financial, Inc..
5. Civil action by applicant/borrower or other parties to the transaction.
6. Loss of approval status with Wall Financial, Inc..

I have read the foregoing and understand Wall Financial, Inc.'s position on "Loan Fraud".

SIGNATURE OF PRINCIPAL OFFICER

SIGNATURE OF PRINCIPAL OFFICER



Wall Financial Inc.

BRANCH SET-UP FORM

Once a Broker's corporate office is approved each branch can be set-up with this form. To set-up your branch, please submit copies of the branch's current lending licenses or exemptions, a Letter of Good Standing from the company's corporate office and this form. These items can be emailed to broker.approvals@mywfi.com or faxed to (818) 409- 9096. Thank you!*

ACCOUNT EXECUTIVE: _____

COMPANY NAME: _____

DBA: _____

FHA LICENSE #: _____

ADDRESS: _____

PHONE: _____ FAX: _____

BRANCH MANAGER: _____

BRANCH MANAGER'S EMAIL ADDRESS: _____

BRANCH MANAGER'S SIGNATURE: _____

* By completing this form you are stating your intent to enter into a business relationship with Wall Financial, Inc.. You are giving your permission to Wall Financial, Inc. to solicit business from you and any employee directly related to your branch. This form is in conjunction with the approval packet completed by your corporate office.



Wall Financial Inc.

FHA TPO Origination Program

Company Name & DBA (If Applicable)

Address

EIN Number (9 digits)

I, _____, certify that I am the Principal/Owner/Corporate Officer of the above named organization and have the authority to execute these certifications and acknowledgements.

I certify that neither the applicant nor any of its principals, partners, officers, managers, supervisors, loan originators, loan underwriters, processors or other employees is:

- a) Suspended, debarred, or under limited denial participation (LDP) or restricted by any other Federal or under investigation by any State or Federal Agency.
- b) Under indictment or convicted of any felony offense or under investigation by the Department of Housing and Urban Development (HUD).
- c) In violation of the S.A.F.E. Mortgage License Act of 2008.

I acknowledge that I will notify WFI, in writing, within 10 days of any change in the above certifications. I also certify to the accuracy of the below attached items.

PLEASE HAVE ALL PRINCIPALS WITH 25% OR GREATER OWNERSHIP IN ORGANIZATION SIGN BELOW.

Please include the following documentation for acceptance in WFI's FHA TPO Origination Program:

- _____ List including ALL Principals (with % of ownership), processors, Underwriters and employees.
- _____ List of ALL Loan officers and their NMLS ID#s.
- _____ Description of the organizations Quality Control Plan including Red Flag Program.
- _____ Most Recent Financial Statement (should not be more than 1 year old) showing: Balance Sheet, Income Statement, and Net Worth Computation.
- _____ * Explanation letter if Net Worth does not exceed \$63,000 plus \$23,000 for each additional branch.
- _____ * Explanation Letter if Organization has a 2 yr FHA Neighborhood Watch Performance that exceeds 150%.

Any * will require that the TPO Organization be approved by WFI Credit Committee Meeting.



Wall Financial Inc.

Broker Compensation Agreement

Broker Name: _____

Corporate/HQ Address: _____

In compliance with Regulation Z, effective with all Applications on or after April 1, 2011 Brokers will be compensated on a predetermined level for all LPC (Lender Paid Compensated) loans. This Compensation Agreement will remain in effect until further notice by both parties with non-frequent changes allowed. Wall Financial, Inc. has the right to change this compensation agreement as further clarification or changes are made by the Federal Reserve or CFPB (Consumer Financial Protection Bureau).

Broker will be furnished daily pricing which includes two daily rate sheets (BPC Rate Sheet and LPC Rate Sheet) or Pricing Engine which will show both BPC and LPC Options.

Standard Products*

- Your LPC Compensation will be _____Basis Points per funded loan (from 50 Bps to 300 Bps with increments of 50 Bps).
- Your Minimum LPC Compensation will be \$ _____per funded loan.
- Your Maximum LPC Compensation will be \$ _____per funded loan.

Specialty Products*

- Your LPC Compensation for Reverse Mortgages and 203K loans will be _____Basis Points per funded loan. (From 50 Bps to 300 Bps with increments of 50 Bps). Currently must be the same Basis Points as the Standard Products due to market conditions. Eventually may allow higher compensation due to the additional time required in the production of these products.
- Your Minimum LPC Compensation will be \$ _____per funded loan.
- Your Maximum LPC Compensation will be \$ _____per funded loan.

Broker acknowledges that:

- Broker Compensation to its Originators complies with all applicable laws, including but not limited to 12 CFR 226.36.
- Broker has not requested compensation based on the loan terms or conditions.
- In an LPC Loan, the Broker and the Loan officer cannot receive any compensation from the borrower.
- Broker nor Loan Officer will not receive any compensation from any other source or Affiliate.
- Broker agrees that every loan in order to comply with anti-steering requirements has/will not steer a borrower into a particular loan to increase Broker or Loan Originator’s Compensation and has provided the following 3 options (if available):
 1. The product with lowest interest rate for which the consumer qualifies;
 2. The product with the lowest dollar amount of points and origination fees; and
 3. The product with the lowest interest rate without risky features, such as prepayment penalty, negative amortization, or balloon payment in the first seven years.

Except as specifically set forth in this agreement, all other terms of WFI’s Broker Agreement remain in effect and without change or modification.

Signature: _____ Effective Date: _____

Must be signed by Broker Owner, Corporate Officer, or agent designated to execute this agreement.

Request for Taxpayer Identification Number and Certification

**Give Form to the
 requester. Do not
 send to the IRS.**

| | | |
|---|---|---|
| Print or type See Specific Instructions on page 2. | Name (as shown on your income tax return) | |
| | Business name/disregarded entity name, if different from above | |
| | Check appropriate box for federal tax classification (required): <input type="checkbox"/> Individual/sole proprietor <input type="checkbox"/> C Corporation <input type="checkbox"/> S Corporation <input type="checkbox"/> Partnership <input type="checkbox"/> Trust/estate | |
| | <input type="checkbox"/> Limited liability company. Enter the tax classification (C=C corporation, S=S corporation, P=partnership) ▶ | |
| | <input type="checkbox"/> Other (see instructions) ▶ | |
| Address (number, street, and apt. or suite no.) | | Requester's name and address (optional) |
| City, state, and ZIP code | | |
| List account number(s) here (optional) | | |

Part I Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. The TIN provided must match the name given on the "Name" line to avoid backup withholding. For individuals, this is your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the Part I instructions on page 3. For other entities, it is your employer identification number (EIN). If you do not have a number, see *How to get a TIN* on page 3.

| Social security number | | | | | | | | | |
|------------------------|--|--|--|--|--|--|--|--|--|
| | | | | | | | | | |

Note. If the account is in more than one name, see the chart on page 4 for guidelines on whose number to enter.

| Employer identification number | | | | | | | | | |
|--------------------------------|--|--|--|--|--|--|--|--|--|
| | | | | | | | | | |

Part II Certification

Under penalties of perjury, I certify that:

1. The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me), and
2. I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding, and
3. I am a U.S. citizen or other U.S. person (defined below).

Certification instructions. You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the certification, but you must provide your correct TIN. See the instructions on page 4.

| | | |
|------------------|----------------------------|--------|
| Sign Here | Signature of U.S. person ▶ | Date ▶ |
|------------------|----------------------------|--------|

General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

Purpose of Form

A person who is required to file an information return with the IRS must obtain your correct taxpayer identification number (TIN) to report, for example, income paid to you, real estate transactions, mortgage interest you paid, acquisition or abandonment of secured property, cancellation of debt, or contributions you made to an IRA.

Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN to the person requesting it (the requester) and, when applicable, to:

1. Certify that the TIN you are giving is correct (or you are waiting for a number to be issued),
2. Certify that you are not subject to backup withholding, or
3. Claim exemption from backup withholding if you are a U.S. exempt payee. If applicable, you are also certifying that as a U.S. person, your allocable share of any partnership income from a U.S. trade or business is not subject to the withholding tax on foreign partners' share of effectively connected income.

Note. If a requester gives you a form other than Form W-9 to request your TIN, you must use the requester's form if it is substantially similar to this Form W-9.

Definition of a U.S. person. For federal tax purposes, you are considered a U.S. person if you are:

- An individual who is a U.S. citizen or U.S. resident alien,
- A partnership, corporation, company, or association created or organized in the United States or under the laws of the United States,
- An estate (other than a foreign estate), or
- A domestic trust (as defined in Regulations section 301.7701-7).

Special rules for partnerships. Partnerships that conduct a trade or business in the United States are generally required to pay a withholding tax on any foreign partners' share of income from such business. Further, in certain cases where a Form W-9 has not been received, a partnership is required to presume that a partner is a foreign person, and pay the withholding tax. Therefore, if you are a U.S. person that is a partner in a partnership conducting a trade or business in the United States, provide Form W-9 to the partnership to establish your U.S. status and avoid withholding on your share of partnership income.

The person who gives Form W-9 to the partnership for purposes of establishing its U.S. status and avoiding withholding on its allocable share of net income from the partnership conducting a trade or business in the United States is in the following cases:

- The U.S. owner of a disregarded entity and not the entity,
- The U.S. grantor or other owner of a grantor trust and not the trust, and
- The U.S. trust (other than a grantor trust) and not the beneficiaries of the trust.

Foreign person. If you are a foreign person, do not use Form W-9. Instead, use the appropriate Form W-8 (see Publication 515, Withholding of Tax on Nonresident Aliens and Foreign Entities).

Nonresident alien who becomes a resident alien. Generally, only a nonresident alien individual may use the terms of a tax treaty to reduce or eliminate U.S. tax on certain types of income. However, most tax treaties contain a provision known as a “saving clause.” Exceptions specified in the saving clause may permit an exemption from tax to continue for certain types of income even after the payee has otherwise become a U.S. resident alien for tax purposes.

If you are a U.S. resident alien who is relying on an exception contained in the saving clause of a tax treaty to claim an exemption from U.S. tax on certain types of income, you must attach a statement to Form W-9 that specifies the following five items:

1. The treaty country. Generally, this must be the same treaty under which you claimed exemption from tax as a nonresident alien.
2. The treaty article addressing the income.
3. The article number (or location) in the tax treaty that contains the saving clause and its exceptions.
4. The type and amount of income that qualifies for the exemption from tax.
5. Sufficient facts to justify the exemption from tax under the terms of the treaty article.

Example. Article 20 of the U.S.-China income tax treaty allows an exemption from tax for scholarship income received by a Chinese student temporarily present in the United States. Under U.S. law, this student will become a resident alien for tax purposes if his or her stay in the United States exceeds 5 calendar years. However, paragraph 2 of the first Protocol to the U.S.-China treaty (dated April 30, 1984) allows the provisions of Article 20 to continue to apply even after the Chinese student becomes a resident alien of the United States. A Chinese student who qualifies for this exception (under paragraph 2 of the first protocol) and is relying on this exception to claim an exemption from tax on his or her scholarship or fellowship income would attach to Form W-9 a statement that includes the information described above to support that exemption.

If you are a nonresident alien or a foreign entity not subject to backup withholding, give the requester the appropriate completed Form W-8.

What is backup withholding? Persons making certain payments to you must under certain conditions withhold and pay to the IRS a percentage of such payments. This is called “backup withholding.” Payments that may be subject to backup withholding include interest, tax-exempt interest, dividends, broker and barter exchange transactions, rents, royalties, nonemployee pay, and certain payments from fishing boat operators. Real estate transactions are not subject to backup withholding.

You will not be subject to backup withholding on payments you receive if you give the requester your correct TIN, make the proper certifications, and report all your taxable interest and dividends on your tax return.

Payments you receive will be subject to backup withholding if:

1. You do not furnish your TIN to the requester,
2. You do not certify your TIN when required (see the Part II instructions on page 3 for details),
3. The IRS tells the requester that you furnished an incorrect TIN,
4. The IRS tells you that you are subject to backup withholding because you did not report all your interest and dividends on your tax return (for reportable interest and dividends only), or
5. You do not certify to the requester that you are not subject to backup withholding under 4 above (for reportable interest and dividend accounts opened after 1983 only).

Certain payees and payments are exempt from backup withholding. See the instructions below and the separate Instructions for the Requester of Form W-9.

Also see *Special rules for partnerships* on page 1.

Updating Your Information

You must provide updated information to any person to whom you claimed to be an exempt payee if you are no longer an exempt payee and anticipate receiving reportable payments in the future from this person. For example, you may need to provide updated information if you are a C corporation that elects to be an S corporation, or if you no longer are tax exempt. In addition, you must furnish a new Form W-9 if the name or TIN changes for the account, for example, if the grantor of a grantor trust dies.

Penalties

Failure to furnish TIN. If you fail to furnish your correct TIN to a requester, you are subject to a penalty of \$50 for each such failure unless your failure is due to reasonable cause and not to willful neglect.

Civil penalty for false information with respect to withholding. If you make a false statement with no reasonable basis that results in no backup withholding, you are subject to a \$500 penalty.

Criminal penalty for falsifying information. Willfully falsifying certifications or affirmations may subject you to criminal penalties including fines and/or imprisonment.

Misuse of TINs. If the requester discloses or uses TINs in violation of federal law, the requester may be subject to civil and criminal penalties.

Specific Instructions

Name

If you are an individual, you must generally enter the name shown on your income tax return. However, if you have changed your last name, for instance, due to marriage without informing the Social Security Administration of the name change, enter your first name, the last name shown on your social security card, and your new last name.

If the account is in joint names, list first, and then circle, the name of the person or entity whose number you entered in Part I of the form.

Sole proprietor. Enter your individual name as shown on your income tax return on the “Name” line. You may enter your business, trade, or “doing business as (DBA)” name on the “Business name/disregarded entity name” line.

Partnership, C Corporation, or S Corporation. Enter the entity's name on the “Name” line and any business, trade, or “doing business as (DBA) name” on the “Business name/disregarded entity name” line.

Disregarded entity. Enter the owner's name on the “Name” line. The name of the entity entered on the “Name” line should never be a disregarded entity. The name on the “Name” line must be the name shown on the income tax return on which the income will be reported. For example, if a foreign LLC that is treated as a disregarded entity for U.S. federal tax purposes has a domestic owner, the domestic owner's name is required to be provided on the “Name” line. If the direct owner of the entity is also a disregarded entity, enter the first owner that is not disregarded for federal tax purposes. Enter the disregarded entity's name on the “Business name/disregarded entity name” line. If the owner of the disregarded entity is a foreign person, you must complete an appropriate Form W-8.

Note. Check the appropriate box for the federal tax classification of the person whose name is entered on the “Name” line (Individual/sole proprietor, Partnership, C Corporation, S Corporation, Trust/estate).

Limited Liability Company (LLC). If the person identified on the “Name” line is an LLC, check the “Limited liability company” box only and enter the appropriate code for the tax classification in the space provided. If you are an LLC that is treated as a partnership for federal tax purposes, enter “P” for partnership. If you are an LLC that has filed a Form 8832 or a Form 2553 to be taxed as a corporation, enter “C” for C corporation or “S” for S corporation. If you are an LLC that is disregarded as an entity separate from its owner under Regulation section 301.7701-3 (except for employment and excise tax), do not check the LLC box unless the owner of the LLC (required to be identified on the “Name” line) is another LLC that is not disregarded for federal tax purposes. If the LLC is disregarded as an entity separate from its owner, enter the appropriate tax classification of the owner identified on the “Name” line.

Other entities. Enter your business name as shown on required federal tax documents on the "Name" line. This name should match the name shown on the charter or other legal document creating the entity. You may enter any business, trade, or DBA name on the "Business name/disregarded entity name" line.

Exempt Payee

If you are exempt from backup withholding, enter your name as described above and check the appropriate box for your status, then check the "Exempt payee" box in the line following the "Business name/disregarded entity name," sign and date the form.

Generally, individuals (including sole proprietors) are not exempt from backup withholding. Corporations are exempt from backup withholding for certain payments, such as interest and dividends.

Note. If you are exempt from backup withholding, you should still complete this form to avoid possible erroneous backup withholding.

The following payees are exempt from backup withholding:

1. An organization exempt from tax under section 501(a), any IRA, or a custodial account under section 403(b)(7) if the account satisfies the requirements of section 401(f)(2),
 2. The United States or any of its agencies or instrumentalities,
 3. A state, the District of Columbia, a possession of the United States, or any of their political subdivisions or instrumentalities,
 4. A foreign government or any of its political subdivisions, agencies, or instrumentalities, or
 5. An international organization or any of its agencies or instrumentalities.
- Other payees that may be exempt from backup withholding include:
6. A corporation,
 7. A foreign central bank of issue,
 8. A dealer in securities or commodities required to register in the United States, the District of Columbia, or a possession of the United States,
 9. A futures commission merchant registered with the Commodity Futures Trading Commission,
 10. A real estate investment trust,
 11. An entity registered at all times during the tax year under the Investment Company Act of 1940,
 12. A common trust fund operated by a bank under section 584(a),
 13. A financial institution,
 14. A middleman known in the investment community as a nominee or custodian, or
 15. A trust exempt from tax under section 664 or described in section 4947.

The following chart shows types of payments that may be exempt from backup withholding. The chart applies to the exempt payees listed above, 1 through 15.

| IF the payment is for . . . | THEN the payment is exempt for . . . |
|--|---|
| Interest and dividend payments | All exempt payees except for 9 |
| Broker transactions | Exempt payees 1 through 5 and 7 through 13. Also, C corporations. |
| Barter exchange transactions and patronage dividends | Exempt payees 1 through 5 |
| Payments over \$600 required to be reported and direct sales over \$5,000 ¹ | Generally, exempt payees 1 through 7 ² |

¹ See Form 1099-MISC, Miscellaneous Income, and its instructions.

² However, the following payments made to a corporation and reportable on Form 1099-MISC are not exempt from backup withholding: medical and health care payments, attorneys' fees, gross proceeds paid to an attorney, and payments for services paid by a federal executive agency.

Part I. Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. If you are a resident alien and you do not have and are not eligible to get an SSN, your TIN is your IRS individual taxpayer identification number (ITIN). Enter it in the social security number box. If you do not have an ITIN, see *How to get a TIN* below.

If you are a sole proprietor and you have an EIN, you may enter either your SSN or EIN. However, the IRS prefers that you use your SSN.

If you are a single-member LLC that is disregarded as an entity separate from its owner (see *Limited Liability Company (LLC)* on page 2), enter the owner's SSN (or EIN, if the owner has one). Do not enter the disregarded entity's EIN. If the LLC is classified as a corporation or partnership, enter the entity's EIN.

Note. See the chart on page 4 for further clarification of name and TIN combinations.

How to get a TIN. If you do not have a TIN, apply for one immediately. To apply for an SSN, get Form SS-5, Application for a Social Security Card, from your local Social Security Administration office or get this form online at www.ssa.gov. You may also get this form by calling 1-800-772-1213. Use Form W-7, Application for IRS Individual Taxpayer Identification Number, to apply for an ITIN, or Form SS-4, Application for Employer Identification Number, to apply for an EIN. You can apply for an EIN online by accessing the IRS website at www.irs.gov/businesses and clicking on Employer Identification Number (EIN) under Starting a Business. You can get Forms W-7 and SS-4 from the IRS by visiting IRS.gov or by calling 1-800-TAX-FORM (1-800-829-3676).

If you are asked to complete Form W-9 but do not have a TIN, write "Applied For" in the space for the TIN, sign and date the form, and give it to the requester. For interest and dividend payments, and certain payments made with respect to readily tradable instruments, generally you will have 60 days to get a TIN and give it to the requester before you are subject to backup withholding on payments. The 60-day rule does not apply to other types of payments. You will be subject to backup withholding on all such payments until you provide your TIN to the requester.

Note. Entering "Applied For" means that you have already applied for a TIN or that you intend to apply for one soon.

Caution: A disregarded domestic entity that has a foreign owner must use the appropriate Form W-8.

Part II. Certification

To establish to the withholding agent that you are a U.S. person, or resident alien, sign Form W-9. You may be requested to sign by the withholding agent even if item 1, below, and items 4 and 5 on page 4 indicate otherwise.

For a joint account, only the person whose TIN is shown in Part I should sign (when required). In the case of a disregarded entity, the person identified on the "Name" line must sign. Exempt payees, see *Exempt Payee* on page 3.

Signature requirements. Complete the certification as indicated in items 1 through 3, below, and items 4 and 5 on page 4.

1. Interest, dividend, and barter exchange accounts opened before 1984 and broker accounts considered active during 1983. You must give your correct TIN, but you do not have to sign the certification.

2. Interest, dividend, broker, and barter exchange accounts opened after 1983 and broker accounts considered inactive during 1983. You must sign the certification or backup withholding will apply. If you are subject to backup withholding and you are merely providing your correct TIN to the requester, you must cross out item 2 in the certification before signing the form.

3. Real estate transactions. You must sign the certification. You may cross out item 2 of the certification.

4. Other payments. You must give your correct TIN, but you do not have to sign the certification unless you have been notified that you have previously given an incorrect TIN. "Other payments" include payments made in the course of the requester's trade or business for rents, royalties, goods (other than bills for merchandise), medical and health care services (including payments to corporations), payments to a nonemployee for services, payments to certain fishing boat crew members and fishermen, and gross proceeds paid to attorneys (including payments to corporations).

5. Mortgage interest paid by you, acquisition or abandonment of secured property, cancellation of debt, qualified tuition program payments (under section 529), IRA, Coverdell ESA, Archer MSA or HSA contributions or distributions, and pension distributions. You must give your correct TIN, but you do not have to sign the certification.

What Name and Number To Give the Requester

| For this type of account: | Give name and SSN of: |
|---|---|
| 1. Individual | The individual |
| 2. Two or more individuals (joint account) | The actual owner of the account or, if combined funds, the first individual on the account ¹ |
| 3. Custodian account of a minor (Uniform Gift to Minors Act) | The minor ² |
| 4. a. The usual revocable savings trust (grantor is also trustee) b. So-called trust account that is not a legal or valid trust under state law | The grantor-trustee ¹ The actual owner ¹ |
| 5. Sole proprietorship or disregarded entity owned by an individual | The owner ³ |
| 6. Grantor trust filing under Optional Form 1099 Filing Method 1 (see Regulation section 1.671-4(b)(2)(i)(A)) | The grantor* |
| For this type of account: | Give name and EIN of: |
| 7. Disregarded entity not owned by an individual | The owner |
| 8. A valid trust, estate, or pension trust | Legal entity ⁴ |
| 9. Corporation or LLC electing corporate status on Form 8832 or Form 2553 | The corporation |
| 10. Association, club, religious, charitable, educational, or other tax-exempt organization | The organization |
| 11. Partnership or multi-member LLC | The partnership |
| 12. A broker or registered nominee | The broker or nominee |
| 13. Account with the Department of Agriculture in the name of a public entity (such as a state or local government, school district, or prison) that receives agricultural program payments | The public entity |
| 14. Grantor trust filing under the Form 1041 Filing Method or the Optional Form 1099 Filing Method 2 (see Regulation section 1.671-4(b)(2)(i)(B)) | The trust |

¹ List first and circle the name of the person whose number you furnish. If only one person on a joint account has an SSN, that person's number must be furnished.

² Circle the minor's name and furnish the minor's SSN.

³ You must show your individual name and you may also enter your business or "DBA" name on the "Business name/disregarded entity" name line. You may use either your SSN or EIN (if you have one), but the IRS encourages you to use your SSN.

⁴ List first and circle the name of the trust, estate, or pension trust. (Do not furnish the TIN of the personal representative or trustee unless the legal entity itself is not designated in the account title.) Also see *Special rules for partnerships* on page 1.

*Note. Grantor also must provide a Form W-9 to trustee of trust.

Note. If no name is circled when more than one name is listed, the number will be considered to be that of the first name listed.

Secure Your Tax Records from Identity Theft

Identity theft occurs when someone uses your personal information such as your name, social security number (SSN), or other identifying information, without your permission, to commit fraud or other crimes. An identity thief may use your SSN to get a job or may file a tax return using your SSN to receive a refund.

To reduce your risk:

- Protect your SSN,
- Ensure your employer is protecting your SSN, and
- Be careful when choosing a tax preparer.

If your tax records are affected by identity theft and you receive a notice from the IRS, respond right away to the name and phone number printed on the IRS notice or letter.

If your tax records are not currently affected by identity theft but you think you are at risk due to a lost or stolen purse or wallet, questionable credit card activity or credit report, contact the IRS Identity Theft Hotline at 1-800-908-4490 or submit Form 14039.

For more information, see Publication 4535, Identity Theft Prevention and Victim Assistance.

Victims of identity theft who are experiencing economic harm or a system problem, or are seeking help in resolving tax problems that have not been resolved through normal channels, may be eligible for Taxpayer Advocate Service (TAS) assistance. You can reach TAS by calling the TAS toll-free case intake line at 1-877-777-4778 or TTY/TDD 1-800-829-4059.

Protect yourself from suspicious emails or phishing schemes.

Phishing is the creation and use of email and websites designed to mimic legitimate business emails and websites. The most common act is sending an email to a user falsely claiming to be an established legitimate enterprise in an attempt to scam the user into surrendering private information that will be used for identity theft.

The IRS does not initiate contacts with taxpayers via emails. Also, the IRS does not request personal detailed information through email or ask taxpayers for the PIN numbers, passwords, or similar secret access information for their credit card, bank, or other financial accounts.

If you receive an unsolicited email claiming to be from the IRS, forward this message to phishing@irs.gov. You may also report misuse of the IRS name, logo, or other IRS property to the Treasury Inspector General for Tax Administration at 1-800-366-4484. You can forward suspicious emails to the Federal Trade Commission at: spam@uce.gov or contact them at www.ftc.gov/idtheft or 1-877-IDTHEFT (1-877-438-4338).

Visit IRS.gov to learn more about identity theft and how to reduce your risk.

Privacy Act Notice

Section 6109 of the Internal Revenue Code requires you to provide your correct TIN to persons (including federal agencies) who are required to file information returns with the IRS to report interest, dividends, or certain other income paid to you; mortgage interest you paid; the acquisition or abandonment of secured property; the cancellation of debt; or contributions you made to an IRA, Archer MSA, or HSA. The person collecting this form uses the information on the form to file information returns with the IRS, reporting the above information. Routine uses of this information include giving it to the Department of Justice for civil and criminal litigation and to cities, states, the District of Columbia, and U.S. possessions for use in administering their laws. The information also may be disclosed to other countries under a treaty, to federal and state agencies to enforce civil and criminal laws, or to federal law enforcement and intelligence agencies to combat terrorism. You must provide your TIN whether or not you are required to file a tax return. Under section 3406, payers must generally withhold a percentage of taxable interest, dividend, and certain other payments to a payee who does not give a TIN to the payer. Certain penalties may also apply for providing false or fraudulent information.