

TERRACE MORTGAGE COMPANY
900 Ashwood Parkway, Suite 130, Atlanta, GA 30338

APPLICATION FOR CLIENT APPROVAL

Company Name

D/B/A Name

Mailing Address

Addresses of Loan Origination Office(s) attach list if necessary:

Contacts:

Contact Person/ Title () Telephone # () Fax # E-mail Address

Contact Person/ Title () Telephone # () Fax # E-mail Address

Fax Number and E-mail Addresses:

Rate Sheets: _____
 Fax Number E-mail Address

Underwriting Sheets: _____
 Fax Number E-mail Address

Rate Lock Confirmations: _____
 Fax Number E-mail Address

Names and Titles of Owners and Principal Officers:

Name Title % Ownership or Shares Social Security #

Name Title % Ownership or Shares Social Security #

Name Title % Ownership or Shares Social Security #

Has any of your owners or officers ever been convicted of a felony? () No () Yes

If so, please provide details.

Has your Company ever been required to re-purchase a loan from a Secondary Investor? () No () Yes. If so, please provide details.

Has any Secondary Investor ever prohibited the Company, or its officers or managers from doing business with it?

() No () Yes. If so, please provide details.

Do you carry any Errors and Omissions Insurance Policy? () No () Yes

If so, please provide name of insurance company _____

Form of Ownership:

Check One: Corporation () Partnership () Proprietorship ()

Year Incorporated or Started Business _____

State Incorporated _____

List the States in which you originate or solicit loans

Broker's or Lender's License Number for each State in which it conducts business

Amount of First Mortgages Originated:

\$ YTD _____ \$ Prior Year _____

Approximate % breakdown (YTD) _____% _____% _____%
Conv. Jumbo FHA/VA

Geographic Area(s) in which loans are to be originated: (Attach list if necessary)

LENDER REFERENCES

1. _____
Name of Company

2. _____
Name of Company

Street Address

Street Address

Phone Number

Phone Number

3. _____
Name of Company

4. _____
Name of Company

Street Address

Street Address

Phone Number

Phone Number

Include the following documentation with your correspondent application:

- 1) Copy of each state mortgage license in which
- 2) Resumes of key personnel.
- 3) Copy of your most recent financial statement.
The above financial statement is NOT required to be audited.
- 4) Complete loan officer list.
- 5) Corporate Resolution (enclosed)
- 6) Copy of E&O Policy, if you have one, else, executed personal guaranty by majority owner (enclosed)
- 7) Authorization to Release Information (enclosed)
- 8) Limited Power of Attorney for loan endorsement (enclosed)
- 9) Client Contract (enclosed)

The undersigned being duly authorized to complete this application states that the information contained herein is true and correct.

Authorized Signature

Date

Type Name and Title

Client Contract

This Client Contract (as may be amended, supplemented or otherwise modified from time to time, this ("Client Contract") is made this _____ day of _____, 20____, by and between Terrace Mortgage Company, its successors and assigns ("Terrace") and _____ (the "Client", and, together with Terrace, the "parties" and each, individually, a "party").

WHEREAS, the Client desires to sell Loans to Terrace, and Terrace desires to purchase Loans from the Client and/or table fund loans on behalf of Client, pursuant to the terms of this Contract and the Terrace Client Guide incorporated herein by reference, as amended, supplemented or otherwise modified, from time to time (the "Client Guide"),

NOW, THEREFORE, in consideration of the premises, and the terms, conditions and agreements set forth below, the parties agree as follows:

1. Incorporation of Client Guide by Reference.

The Client acknowledges that it has received and read the Client Guide. All provisions of the Client Guide are incorporated by reference into and made a part of this Client Contract, and shall be binding upon the parties; *provided, however*, that the Client shall be entitled to sell Loans to Terrace only if and for so long as it shall have been authorized to do so by Terrace in writing. Specific reference in this Client Contract to particular provisions of the Client Guide and not to other provisions does not mean that those provisions of the Client Guide not specifically cited in this Client Contract are not applicable. All terms used herein shall have the same meanings as such terms have in the Client Guide, unless the context clearly requires otherwise.

The Client acknowledges and understands that by signing this Client Contract it agrees to be responsible for the representations and warranties set forth in the Client Guide and to comply with all requirements including, without limitation, repurchase and indemnification agreements therein.

2. Amendments.

This Client Contract may not be amended or modified orally, and no provision of this Client Contract may be waived or amended except in writing signed by the party against whom enforcement is sought. Such a written waiver or amendment must expressly reference this Client Contract, However, by their terms, the Guide may be amended or supplemented by Terrace from time to time. Any such amendment(s) to the Client Guide shall be binding upon the parties hereto.

3. Representations and Warranties.

a. Reciprocal Representations and Warranties.

The Client and Terrace each represents and warrants to the other that as of the date of this Client Contract:

- (1) Each party is duly organized, validly existing, and in good standing under the laws of its jurisdiction of organization, is qualified, if necessary, to do business and in good standing in each jurisdiction in which it is required to be so qualified, and has the requisite power and authority to enter into this Client Contract and all other agreements which are contemplated by this Client Contract and to carry out its obligations hereunder and under the Guide and under such other agreements.
- (2) This Client Contract has been duly authorized, executed and delivered by each party and constitutes a valid and legally binding agreement of each party enforceable in accordance with its terms.

- (3) There is no action, proceeding or investigation pending or threatened, and no basis therefor is known to either party, that could affect the validity or prospective validity of this Client Contract.
- (4) Insofar as its capacity to carry out any obligation under this Client Contract is concerned, neither party is in violation of any charter, articles of incorporation, bylaws, mortgage, indenture, indebtedness, agreement, instrument, judgment, decree, order, statute, rule or regulation and none of the foregoing adversely affects its capacity to fulfill any of its obligations under this Client Contract. Its execution of, and performance pursuant to, this Client Contract will not result in a violation of any of the foregoing.

b. Client's Representations, Warranties and Covenants.

In addition to the representations, warranties and covenants made by the Client pursuant to subparagraph (a) of this paragraph 3, the Client makes the representations, warranties and covenants set forth in the Client Guide and, upon request, agrees to deliver to Terrace the certified Resolution of Board of Directors, if applicable, which authorizes the execution and delivery of this Client Contract.

4. Remedies of Terrace.

If an Event of Default shall occur, as set forth in the Client Guide, Terrace may, at its option, exercise one or more of those remedies set forth in the Client Guide.

5. Client's Status as Independent Contractor.

At no time shall the Client represent that it is acting as an agent of Terrace. The Client shall, at all times, act as an independent contractor.

6. Prior Agreements Superseded.

This Client Contract restates, amends and supersedes any and all prior Client contracts or between the parties.

7. Assignment.

This Client Contract may not be assigned or transferred, in whole or in part, by the Client without the prior written consent of Terrace. Terrace may sell, assign, convey, hypothecate, pledge or in any other way transfer, in whole or in part, without restriction, its rights under this Client Contract and the Client Guide with respect to any Commitment or Loan. Unless Terrace specifies otherwise, any such sale, assignment, conveyance, hypothecation, pledge or transfer shall be effective upon written notice by Terrace to the Client.

8. Notices.

All notices, requests, demands or other communications that are to be given under this Client Contract shall be in writing, addressed to the appropriate parties and sent by fax or by overnight courier or by United States mail, postage prepaid, to the addresses and fax numbers specified below. However, another name, address and/or fax number may be substituted by the Client pursuant to the requirements of this paragraph 8, or by Terrace pursuant to amendment to the Client Guide.

If to Terrace, notices must be sent to the appropriate address or fax number specified in the Client Guide.

If to the Client, notices must be sent to:

Attention: _____
Fax Number (_____) _____

9. Jurisdiction and Venue.

Each of the parties irrevocably submits to the jurisdiction of any state or federal court located in Dekalb County, Georgia, over any action, suit or proceeding to enforce or defend any right under this Client Contract or otherwise arising from any loan sale existing in connection with this Client Contract, and each of the parties irrevocably agrees that all claims in respect of any such action or proceeding may be heard or determined in such state or federal court. Each of the parties irrevocably waives the defense of an inconvenient forum to the maintenance of any such action or proceeding and any other substantive or procedural rights or remedies it may have with respect to the maintenance of any such action or proceeding in any such forum. Terrace, if it elects, may choose arbitration as a means to resolve any dispute or claim arising under the Client Contract. *Client agrees to arbitrate any dispute or claim arising under the Client Contract if Terrace elects arbitration.* If such an election is made, Terrace shall give Client written notice of its intent to arbitrate. After such notice is given by Terrace, any dispute, controversy or claim arising out of or in connection with or relating to this Client Contract, its formation or any breach or alleged breach hereof, shall be determined and settled by arbitration in Atlanta, Georgia, conducted by one (1) arbitrator, experienced with residential mortgage lending, selected by the American Arbitration Association (“AAA”) from the panel maintained by AAA. The arbitration shall be conducted pursuant to the then existing Commercial rules, regulations, practices and procedures of AAA. Any decision rendered by the arbitrator shall be final, conclusive and binding upon the parties to the arbitration and may be enforced by the judgment and order of any court having competent jurisdiction. The arbitrator shall award to the prevailing party costs and fees, including the arbitrator’s fees, administrative fees, travel expenses, out-of-pocket expenses such as courier, overnight mail fees, court costs, witness fees and attorney’s fees.

Each of the parties agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in any other jurisdiction by suit on the judgment or in any other manner provided by law. Each of the parties further agrees not to institute any legal actions or proceedings against the other party or any director, officer, employee, attorney, guarantor, agent or property of the other party, arising out of or relating to this Client Contract in any court other than as herein above specified in this paragraph 9.

10. Transfer Letter with Each Loan.

Client shall sign a transfer letter for each mortgage application it submits to Terrace. The transfer letter, in the form prescribe by Terrace shall transfer all of Client’s interest in and to the mortgage application to Terrace and shall reaffirm the representations and warranties as shown in the Client Guide. Correspondent authorizes any employee, processor, loan originator or agent, or any other person who has submitted the loan on behalf of Client, to sign the transfer letter on behalf of Client.

11. Miscellaneous.

This Client Contract, including all documents incorporated by reference herein, constitutes the entire understanding between the parties hereto and supersedes all other agreements, covenants, representations, warranties, understandings and communications between the parties, whether written or oral, with respect to the

transactions contemplated by this Client Contract. This Client Contract shall continue until such time as notice of Termination is made by either party as set forth in the Client Guide. Client understands and agrees that time is of the essence with respect to each and every provision of this Client Contract. All paragraph headings contained herein are for convenience only and shall not be construed as part of this Client Contract. Any provision of this Client Contract that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining portions hereof or affecting the validity or enforceability of such provision in any other jurisdiction, and, to this end, the provisions hereof are severable. This Contract shall be governed by, and construed and enforced in accordance with, applicable federal laws and the laws of the State of Georgia

IN WITNESS WHEREOF, the duly authorized officers of the Client and Terrace have executed this Client Contract as of the date first above written.

CLIENT

Attest:

(Name of Client)

(Affix Corporate Seal)

By: _____
(Signature)

By: _____
(Signature)

(Typed Name)

(Typed Name)

Title: _____

Title: _____

Terrace Mortgage Company

By: _____

Title: _____

AUTHORIZATION TO RELEASE INFORMATION

To Whom It May Concern:

The undersigned has applied to initiate a lending relationship with Terrace Mortgage Company.

We authorize you to provide Terrace Mortgage Company with any and all information and documentation that they request on behalf of our application, including but not limited to a credit background check on the Applicant and any principal as listed on the Application for Client Approval.

A copy of this authorization may be accepted as an original.

(Type Applicant Name)

Signature

Title

Date

GUARANTY

Atlanta, Georgia

FOR VALUE RECEIVED, the sufficiency of which is hereby acknowledged, and in consideration of any loan or other financial accommodation heretofore or hereafter at any time made or granted to _____ ("Client") by Terrace Mortgage Company, a Georgia corporation (hereinafter, together with its successors and assigns, called "Terrace"), the undersigned agrees that:

Undersigned hereby unconditionally guarantees the full and prompt payment when due, whether by acceleration or otherwise, and at all times hereafter, of: (a) all sums due Terrace by Client under a certain Client Contract involving the delivery of residential mortgage loans to Terrace; (b) any and all expenses, including attorneys' fees, incurred in the collection thereof, the enforcement of rights under the Client Contract therefore and the enforcement thereof; and (c) any and all obligations of Client to Terrace, whether now existing or hereafter arising, however and whenever incurred or evidenced, whether direct or indirect, absolute or contingent, or due or to become due (all foregoing items (a), (b), and (c), being hereinafter collectively called the "Liabilities"). It is mutually agreed that this is a continuing guaranty.

In the event Client fails to perform its covenants, agreements and undertakings as provided in the Client Contract, the undersigned shall immediately upon the written demand of Terrace promptly, and with due diligence, do and perform for the benefit of Terrace, all of such covenants, agreements, and undertakings as if they constituted the direct and primary obligations of the undersigned.

Undersigned expressly represents and acknowledges that the making of any financial accommodations by Terrace to Client are and will be of direct interest, benefit and advantage to undersigned.

The obligations of the undersigned hereunder are independent of the obligations of Client, and a separate action or actions for payment, damages or performance may be brought and prosecuted against the undersigned whether or not an action is brought against Client or the security for Client's obligations, and whether or not Client be joined in any such action or actions, and whether or not notice be given or demand be made upon Client.

Terrace may, from time to time, without notice to the undersigned (or any of them), and without affecting, diminishing or releasing the liability of the undersigned (or any of them), (a) retain or obtain a security interest in any property to secure any of the Liabilities or any obligation hereunder, (b) retain or obtain the primary or secondary liability of any party or parties, in addition to the undersigned, with respect to any of the Liabilities, (c) extend or renew for any period (whether or not longer than the original period), alter or exchange any of the Liabilities, (d) release or compromise any liability of any of the undersigned hereunder or any liability of any other party or parties primarily or secondarily liable on any of the Liabilities, (e) release its security interest, if any, in all or any property securing any of the Liabilities or any obligation hereunder and permit any substitution or exchange for any such property, (f) resort to the undersigned (or any of them) for payment of any of the Liabilities, or any portion thereof, whether or not Terrace shall have resorted to any property securing any of the Liabilities or any obligation hereunder or shall have proceeded against any other of the undersigned or any other party primarily or secondarily liable on any of the Liabilities, and (g) alter, extend, change, modify, release or cancel any covenant, agreement or provision contained in the Client Contract.

The undersigned expressly acknowledges that the Representations, Warranties and Covenants as set forth in the Client Guide given by Terrace to Client are incorporated into the Client Contract by reference. The Client Guide will be updated from time to time and Client agrees to guaranty all such obligations of Client as may be modified or amended by the Client Guide.

Any amount received by Terrace from whatever source and applied by it toward the payment of the Liabilities shall be applied in such order of application as Terrace may from time to time elect.

The undersigned hereby expressly waives: (a) notice of the acceptance of this Guaranty, (b) notice of the existence or creation of all or any of the Liabilities, (c) presentment, demand, notice of dishonor, protest, and all other notice whatever, and (d) all diligence on the part of Terrace in collection or protection of, or realization upon, any security for any of the Liabilities or in enforcing any remedy available to Terrace under the Client Agreement.

Terrace may, without notice of any kind, sell, assign or transfer all or any of the Liabilities, and in such event each and every immediate and successive assignee, transferee, or holder of all or any of the Liabilities, shall have the right to enforce this Guaranty, by suit or otherwise, for the benefit of such assignee, transferee or holder, as fully as if such assignee, transferee or holder were herein by name specifically given such rights, powers and benefits. Terrace shall have an unimpaired right, prior and superior to that of any such assignee, transferee or holder, to enforce this Guaranty for the benefit of Terrace, as to so much of the Liabilities as it has not sold, assigned, or transferred.

No delay or failure on the part of Terrace in the exercise of any right or remedy shall operate as a waiver thereof and no single or partial exercise by Terrace of any right or remedy herein shall preclude other or further exercise thereof or the exercise of any other right or remedy whether contained herein or in the Client Contract. No action of Terrace permitted hereunder shall in any way impair or affect this Guaranty. No right or power of the Client or anyone else to assert any claim or defense as to the invalidity or unenforceability of the Client Contract or of the Liabilities shall impair or affect the obligations of the undersigned hereunder. Until all of the Liabilities shall have been paid to Terrace in full, the undersigned shall have no right to subrogation, and until such time the undersigned waives any right to enforce any remedy which Terrace now has or may hereafter have against Client, and waives any benefit of any right to participate in any security now or hereafter held by Terrace.

It is fully understood that until each and every one of the covenants and agreements of this Guaranty are fully performed, the undersigned's obligations shall not be released, in whole or in part, by any action or thing which might, but for this provision of this instrument, be deemed a legal or equitable discharge of a surety or guarantor, or by reason of any waiver, extension, modification, course of conduct, forbearance or delay or other act or omission of Terrace or its failure to proceed promptly or otherwise, or by reason of any action taken or omitted by Terrace, whether or not such action or failure to act varies or increases the risk of, or affects the rights or remedies of, the undersigned or by reason of any further dealings between Client, Terrace or any other grantor, the undersigned hereby expressly waives and surrenders any defense to its liability hereunder based upon any of the foregoing acts, omissions, things, agreements or waivers or any of them; it being the purpose and intent of the parties hereto that the covenants, agreements and all obligations hereunder are absolute, unconditional and irrevocable under any all circumstances except as provided hereinafter.

Any notice, demand or request by Terrace, its successors or assigns, to the undersigned, shall be in writing, and shall be deemed to have been duly given or made if either delivered personally to the undersigned or mailed by certified or registered mail addressed to the undersigned.

Terrace shall be entitled to assign this Guaranty and all of its rights, privileges, interests, and remedies hereunder to any other person, firm, entity, bank or corporation whatsoever without notice to or consent by the undersigned, and such assignee shall be entitled to the benefits of this guaranty and to exercise all such rights, interests and remedies as fully as Terrace.

Provided that no default or Event of Default then exists under the Client Contract, this Guaranty shall terminate when, and only when, Terrace shall have been paid in full, including interest thereon, for all Liabilities. When such condition has been met, Terrace will upon request furnish written cancellation of this Guaranty.

This Guaranty shall inure to the benefit of Terrace, its successors and assigns, and shall bind each of the undersigned jointly and severally, together with their heirs, representatives, successors and assigns, if more than one party shall execute this guaranty, the term "undersigned" shall mean all parties executing this guaranty, and all such parties shall be jointly and severally obligated hereunder.

This guaranty shall be construed in accordance with the laws of the State of Georgia and such laws shall govern the interpretation, construction and enforcement hereof. The undersigned agrees to the jurisdiction, venue and arbitration provisions as set forth for the Client in the Client Contract and shall be governed by the same. Wherever possible each provision of this Guaranty shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this guaranty shall be prohibited by or invalid under such law, such provision shall be ineffective to the extent of such remainder of such provision or the remaining provisions of this Guaranty.

SIGNED, SEALED AND DELIVERED this _____ day of _____, 20 ____..

Type Name and Title

(Signature), as an individual, not as a corporate officer

WITNESS:

(SEAL)

Type Name

(Signature), as an individual, not as a corporate officer

(SEAL)

Type Name

(Signature), as an individual, not as a corporate officer

Resolution of Board of Directors

OF _____
(Client Name)

RESOLVED FIRST, that

_____ the _____ and
(Name of Officer) (Title)

_____ the _____ and
(Name of Officer) (Title)

_____ the _____ and
(Name of Officer) (Title)

_____ the _____ and
(Name of Officer) (Title)

of this corporation, or any one or more of them or their duly elected or appointed successors in office, be and each of them is hereby authorized and empowered in the name of and on behalf of this corporation and under its corporate seal, from time to time while these resolutions are in effect, to execute, any and all agreements, contracts, including without limitation a certain Client Contract, assignments, endorsement and issuance of checks or drafts, reports, mortgage documents, and other papers in connection with documents, and furnish any information required or deemed necessary or proper by Terrace Mortgage Company ("Terrace") in connection with any of the foregoing.

BE IT FURTHER RESOLVED, that:

With each mortgage loan delivered by Client to Terrace that Terrace requires that a Transfer Letter, in the form prescribe by Terrace, as shown in Terrace's Client Guide, accompany each loan. The transfer letter shall transfer all of Client's interest in and to the mortgage application to Terrace and shall reaffirm the representations and warranties made in the Client Contract. Client authorizes any employee, processor, loan originator or agent, or any other person who has submitted the loan on behalf of Client, to sign the transfer letter on behalf of Client.

CERTIFICATION

I HEREBY CERTIFY that the foregoing is a true and correct copy of a resolution presented to and adopted by the Board of Directors of _____ at a meeting duly called and held at _____ on the _____ day of _____, 20__ at which a quorum was present and voted, and that such resolution is duly recorded in the minute book of this corporation, that the officers named in said resolution have been duly elected or appointed to, and are the present incumbents of, the respective offices set after their respective names.

(Corporate Seal)

*(If no corporate seal,
please so specify)*

(Secretary)