



FHA ADDENDUM

This FHA Addendum (the "Addendum") hereby supplements, amends, and is made a part of that certain Wholesale Mortgage Broker Agreement, dated _____ (the "Agreement") by and between Kinecta Federal Credit Union ("Lender") and _____ ("Broker"), with respect to the following:

WHEREAS, Broker wishes to originate and process FHA loans insured by the Federal Housing Administration; and

WHEREAS, Lender is an FHA approved lender and agrees to fund FHA loans in accordance with all applicable legislation and guidelines pertaining to such loans.

NOW, THEREFORE, Lender and Broker hereby agree as follows:

1. **FUNDING.** Broker shall originate, process and submit FHA loan applications to Lender to underwrite in accordance with Lender's then current underwriting criteria and the requirements for insurance under the Department of Housing and Urban Development's ("HUD") Direct Endorsement Program. FHA loans must be underwritten and funded in Lender's name in accordance with all federal, state, or local requirements.
2. **BROKER REPRESENTATIONS AND WARRANTIES.** In addition to the Broker representations and warranties in the Agreement, Broker hereby represents and warrants, at the time of execution of this Addendum, and if applicable, at the time Broker delivers each FHA loan to Lender:
 - a. Broker's execution, delivery and performance of this Addendum has been duly authorized and such action does not, and will not, violate any corporate charter, partnership, certificate, agreement or similar document, by-laws or similar document, contract, agreement of understanding by which Broker is bound or to which Broker is a party, and such execution is not a violation of any licensing requirements, other applicable laws or regulations that require consent of any governmental authority unless such consent has been obtained, or render Broker insolvent.
 - b. Broker is authorized to originate FHA loans under applicable FHA regulations, requirements, standards and guidelines as amended from time to time.
 - c. Broker shall act as a loan correspondent ("Loan Correspondent") for Lender solely for the purpose of originating, processing and insuring FHA loans submitted to Lender for underwriting and funding. Broker has and will continue to comply with HUD's approval requirement as a Loan Correspondent mortgagee in accordance with the applicable regulations, guidelines and mortgage letters relevant to FHA loans.
 - d. Lender shall deduct from the loan proceeds the mortgage insurance premium and shall forward to HUD such premium together with the completed mortgage insurance package. In the event that Broker receives from HUD the OTMIP (One-Time Mortgage Insurance Premium) Statement of Account, the MIC (Mortgage Insurance Certificate) or a suspense letter with regard to the issuance of a MIC, Broker shall forward the same to Lender forthwith. Broker agrees to assist Lender in resolving any issues relating to the non-issuance or HUD insurance suspension. Broker also agrees to repurchase any loans HUD refuses to insure in accordance with the repurchase provisions of the Agreement. It is agreed that any future commissions or premiums earned by Broker may be used to offset losses or penalties incurred by Lender.
 - e. Each loan to be closed and funded hereunder shall be on loan documentation specified by Lender. Any documents required by Lender to be executed, either by buyer, seller, or a third party, shall be properly executed and contain authentic signatures. All loans shall be closed in accordance with Lender and FHA guidelines.



3. **LENDER REPRESENTATIONS AND WARRANTIES.** Lender is a HUD approved mortgagee, is approved to participate in the Direct Endorsement program and has met the applicable net worth requirements established by HUD.

4. **EPD (Early Payment Default).** Broker will reimburse Lender the YSP (Yield Spread Premium) if said loan goes delinquent within the first four months of the funding date for the mortgage. Should Broker not reimburse Lender for any occurrences, Broker will immediately be terminated for FHA.

5. **INDEMNIFICATION.** Broker agrees to indemnify, defend and hold Lender harmless from and against any claims, penalties, losses, costs or damages, including, but not limited to, reasonable attorneys' fee and expenses incurred by Lender (or any successor or assign), arising out of Broker's failure to comply with any federal, state or local requirements, including, but not limited, to HUD/FHA requirements, for qualification and approval as a Loan Correspondent for origination and processing of FHA loans, or arising out of Broker's failure to comply with each of its obligations for maintaining its status as an approved Loan Correspondent. This indemnification obligation shall be in addition to any obligation to indemnify Lender pursuant to the Agreement.

6. **TERMINATION.** The termination of the Agreement shall automatically terminate this Addendum but not vice versa. This Addendum may, in addition, be terminated in writing at any time by either party upon 10 days written notice; provided, however, in the event that Lender, in its sole discretion, deems Broker to be in breach of any of the representations and warranties made herein or in the Agreement, Lender may immediately terminate this Addendum without prior notice to Broker. In the event of a termination of this Addendum, Lender and Broker shall promptly notify HUD of such termination.

7. **ASSIGNMENT.** Broker may not assign this Addendum, except with the prior written consent from Lender. Lender, however, may assign this Addendum without any consent from Broker.

8. **COOPERATION FROM BROKER.** Broker agrees to cooperate fully with Lender with respect to providing any information it may request regarding any loan originated by Broker hereunder. Subject to the modifications set forth herein, all other terms, conditions, and provisions of the Agreement are affirmed, incorporated herein by reference and shall remain in full force and effect. All terms not otherwise defined herein shall have the meaning specified in the Agreement. The terms and conditions of the Agreement shall prevail in the event of a discrepancy or conflict between this Addendum and the Agreement, unless otherwise agreed to in a document signed by each of the parties hereto.

IN WITNESS WHEREOF, the duly authorized representatives of the parties hereto have executed this Addendum to the Agreement.

BROKER:

LENDER:

Kinecta Federal Credit Union

By: _____

By: _____

Print Name: _____

Print Name: _____

Print Title: _____

Print Title: _____

Date: _____

Date: _____