

LOAN SALE AGREEMENT

This Agreement made this ____ day of _____, 2001 by and among _____, whose address is _____ ("Seller") and _____, whose address is _____ ("Purchaser").

RECITALS

- A. This Agreement governs (i) the sale and transfer by Seller to Purchaser of the ownership interests in the mortgage loans ("loan" or "loans") identified in Exhibit " A.
- B. Seller is the owner of loans secured by mortgages on real estate which have been originated and are currently serviced by _____.
- C. Seller desires to sell these loans and Purchaser desires to purchase said loans.

NOW, THEREFORE, the parties in consideration of the foregoing recitals and the mutual covenants hereinafter set forth, agree as follows:

TERMS OF AGREEMENT

ARTICLE I: Sale and Transfer of Loans

1.01 Sale.

Seller agrees to sell to Purchaser and Purchaser agrees to buy from Seller the loans identified in Exhibit "A", which specifies, among other things, the principal amount of the loans sold, identification of the property securing the loans, the price paid by Purchaser for the loans, the accrued interest and reserve balances to be paid to Purchaser and the next payment due date. On the terms and conditions set forth in this Agreement, Seller shall sell to Purchaser, without recourse except for the covenants, representations and warranties of Seller contained in this Agreement, and Purchaser shall acquire, the entire ownership interest in each loan. The parties intend that this transaction shall constitute and be accounted for as a purchase and sale of assets, and not as a financing or joint venture.

The Purchase Price of the loans shall be the aggregate outstanding principal balance owing on the loans multiplied by _____ percent (____%). The Purchase Price shall be paid by Purchaser to Seller on the Closing Date, which shall be _____.

1.02 Representations and Warranties.

- A. **Qualifications of Seller.** Seller is a duly organized and validly existing _____ and is qualified to transact business in and is in good standing under the laws of each state in which the real estate securing any loans sold under this Agreement is located or is otherwise not required under applicable law to effect such qualification.
- B. **Qualifications of Purchaser.** Purchaser is a duly organized and validly existing _____ and is qualified to transact business in and is in good standing under the laws of each state in which the real estate securing any loans sold under this Agreement is located or is otherwise not required under applicable law to effect such qualification.
- C. **Seller's Ownership of Loans Sold and Compliance with Applicable Law.** Seller represents and warrants to Purchaser that as of the date Purchaser buys any loan under this Agreement, Seller is the sole beneficial owner and holder of such loan. Seller further represents and warrants that all

loans described in Exhibit "A" have been originated, closed and serviced in compliance with all applicable federal and state laws, regulations and rules.

- D. Ability to Sell Loans. Seller represents and warrants to Purchaser that Seller is authorized to sell the loans described in Exhibit "A".
- E. Other Representations and Warranties. Seller represents and warrants to Purchaser that as of the date of this Agreement; except where otherwise notified to Purchaser in Exhibit "B", (1) each loan is current as to scheduled periodic payments of principal and interest, (2) Seller has been notified of no delinquent tax or assessment liens or mechanics' liens on the security properties, (3) there is no default, breach, violation or event of acceleration of a material nature existing under the loan instruments with regard to any loan, (4) no part of the security properties has been released from the liens securing the applicable loans and no person or entity liable on any loan has been released from such liability, (5) all documents originated by Seller and submitted to Purchaser are genuine, and any and all copies of documents concerning loans purchased by Purchaser are, to the best of Seller's knowledge, accurate and complete copies of those documents, (6) the loan instruments contain customary provisions such as to render the rights and remedies of the holder thereof adequate for the realization against the real estate securing said loan of the benefits of the security, (7) for each loan Seller holds a fully paid ALTA loan policy of title insurance issued by a duly licensed title insurance company, insuring Seller in the original stated principal amount of such loan as to the validity and first lien priority of the mortgage that secures such loan, subject only to customary exclusions from and exceptions to coverage that do not impair the marketability of such loan, and (8) Seller has no knowledge that the secured real estate is subject to any defects or inadequacies in the record title thereof which would adversely affect the value or marketability of the loan or make it unacceptable for prudent investment nor is Seller aware of any pending litigation which would affect the title or interest of Seller in the loan instruments or the secured real estate or the marketability of the loan.

ARTICLE II: Trust Provisions

2.01 Seller as Trustee.

It is agreed that Seller is not a partner or joint venturer of, and is not acting as agent for, Purchaser.

2.02 Custody of Loan Instruments.

Concurrently with Purchaser's payment of the purchase price for each loan, (a) Seller shall execute and staple to the original promissory note evidencing such loan an allonge in the form of Exhibit "C", (b) Seller shall deliver to Purchaser the originals of such promissory note (with allonge affixed), the recorded mortgage that secures such loan, the ALTA loan policy of title insurance for such loan, and each loan agreement, security agreement, financing statement, fixture filing, and guaranty (if any) obtained in connection with such loan, (c) Seller shall, at its expense, execute and acknowledge and cause to be recorded in the Official Records of the county in which the security property is located, an assignment of such mortgage in the form of Exhibit "D", and (d) Seller shall cause the title insurance company that issued such loan policy of title insurance to issue and deliver to Purchaser, at Seller's expense, an AL T A Form 104 endorsement without any exceptions or qualifications

ARTICLE III: Transfer of Servicing of the Loans

Concurrently with Purchaser's payment of the purchase price for each loan, Seller will transfer to Purchaser all servicing rights and responsibilities to the loans sold. Any payments received by Seller subsequent to the sale shall be remitted to Purchaser within three (3) business days from the date of receipt,

and any loan documentation, income and expense statements, insurance certificates or any other correspondence which is related to the sold loans and which would normally be the property of the holder of a mortgage loan, shall be forwarded to the Purchaser within fifteen (15) days of the date of receipt.

ARTICLE IV: Miscellaneous Provisions

4.01 Definitions.

The terms used in this Agreement shall be constructed to mean the following:

- A. "Instrument" or "loan instrument" shall include, but not be limited to, the following, (1) the mortgage note, (2) the appropriate security instrument and any filings which are required to perfect an interest in personal property, (3) separate assignments of rents, if any, (4) applicable loan application and credit reports, (5) appropriate evidence indicating loan debtor's receipt of the disclosure materials as required by the applicable loan and disclosure rules and regulations, (6) an appraisal or signed report of a certificate of valuation of the secured real estate, (7) Seller's paid up title insurance policy in an amount at least equal to the outstanding principal balance of the loan, or other documentary evidence customarily used in the jurisdiction in which the security property is located, affirming the quality and validity of Seller's lien securing the loan; provided, however, certain documentary evidence that is not required by applicable law, rules, and regulations is excepted from the above requirement, (8) hazard insurance policies in an amount representing coverage at least equal to the outstanding principal balance, or the full insurable value of the improvements, whichever is less, (9) certificate of flood insurance if required, and (10) personal guaranties, if any.
- B. "Mortgage" or "security instrument" shall mean a security interest, whether in the form of a mortgage or deed of trust, constituting a first lien on the real property described therein as security for the obligation set forth in said security instrument.
- C. "Normal business hours" shall mean the posted business hours of any party on a day which banks in the state of California and are customarily open for transaction of business.
- D. "Borrower" shall mean the maker(s) of the promissory note that evidences a loan.

4.02. Agreement to Repurchase.

Seller agrees, upon Purchaser's request, to repurchase any loan sold under this Agreement if any representation or warranty of Seller in this Agreement relating to such loan proves to be inaccurate, incomplete or misleading in any material respect. The repurchase price shall be for an amount equal to such loan's then unpaid principal balance, multiplied by the respective percentage of the purchase price divided by the principal balance outstanding as shown on Exhibit A for that loan, plus accrued interest and costs incurred by Purchaser for any reasonable action taken.

4.03 Purchaser's Representations.

Purchaser acknowledges that it is a sophisticated investor in mortgage loans, that it has sought out all legal counsel and other third parties necessary to adequately assist and advise it in arriving at a decision to purchase the subject loans and the price to be paid. It has, among other steps, fully and completely reviewed all loan files, records, statements and correspondence in the possession of Seller, in forming an opinion and conclusion as to the purchase of the loans.

4.04 Fees and Commissions.

Seller represents to Purchaser that it has not engaged any third parties to assist in the sale of the loans other than Bridger Commercial Funding LLC, and shall hold Purchaser harmless from all claims for brokers' commissions or fees payable to any loan correspondent.

4.04 Approvals, Notices.

Purchaser will not arbitrarily or without good cause withhold any consent or approval required hereunder. All approvals and notices hereunder must be in writing. No party hereto shall be bound by or authorised to rely on any notice or approval not in writing. Any notice or demand which by any provision of this Agreement is required or permitted to be given or served shall be deemed so given and served if sent by United States mail, certified or registered mail, postage prepaid, with return receipt requested. Such notices or demands shall be effective upon the earlier of (a) three (3) business days after mailing, or (b) actual receipt as evidenced by the return receipt, and shall be addressed to Purchaser at the address set forth herein. Any party may change its address for service of notices by giving notice to all other parties in the manner herein provided.

4.05 Attorneys' Fees.

In the event of any litigation based on or relating to this Agreement, the prevailing party (meaning the party awarded substantially the relief sought, as determined by the court) shall be entitled to recover its reasonable attorneys' fees and other costs of suit from the other party.

4.06 Effect of Article and Section Headings.

The article and section headings are for convenience only and shall not affect the construction of this Agreement.

4.07 Document Contains Entire Agreement.

This document contains the entire agreement between the parties hereto as to the transfer of the loans, and cannot be modified in any respect except by an agreement in writing. The invalidity or unenforceability of any portion of this Agreement will in no way affect the balance thereof. This Agreement will remain in effect until the loans sold hereunder are repaid or no longer an asset of the Purchaser.

4.08 Interpretation.

This Agreement shall be governed by _____ law. Whenever the context requires, all words used in the singular will be construed to have used in the plural, and vice versa, and each gender will include the other gender. Time is strictly of the essence of each provision of this Agreement that sets forth any date, time, time period or deadline. Each exhibit to this Agreement is incorporated herein by reference.

IN WITNESS WHEREOF, each of the following individuals has signed this Agreement having been duly authorised to bind their respective corporation to the terms and conditions herein.

Date: _____

SELLER

PURCHASER

By: _____

By: _____

By: _____

By: _____

EXHIBIT A
(Schedule of Loans Sold)

EXHIBIT B
(Disclosures Regarding Representations and Warranties)

EXHIBIT C
(Allonge)

EXHIBIT D

(Assignment of Mortgage or Deed of Trust)