



**EARLY LOAN PAYOFF AGREEMENT**

We have many different contractual arrangements with the lenders we represent. Many lenders have different policies regarding early loan payoffs. Depending on the business structure of the lending source, many lenders take a loss if the loan is paid off earlier than one year from the date of funding. Due to abuses by persons in the industry, many of our lenders are instituting policies that will penalize or cause us to reimburse them for their loss if a loan is paid off early, usually within 6 months of the date of funding. This amount is usually equal to 1-2% of the initial loan amount.

Different lending sources have different policies. Some are very lenient and do not care if they are paid off fast and others have more stringent policies with harsher penalties. The majority of the lending sources wish to curtail early loan payoff that will occur prior to the 4<sup>th</sup> payment due or 180 days from the date the loan is funded. These policies are notwithstanding any prepayment penalties written into the loan documents and promissory note. These policies are designed to mitigate losses taken due to borrowers obtaining loans where they know at the time of application and / or funding that they will not be keeping the loan for more than a few months.

We represent a multitude of lending sources. We do not wish to limit your future financial plans. Please let us know what your future plans are so that if there is a chance that your loan will pay off early, we can fund your loan with a lending source that doesn't care about early payoffs, or one where you are able to accommodate the penalty period.

In order to limit any potential losses to us, we are requiring that you reimburse us for any losses we incur due to early loan payoff, regardless of the reason, even if your loan documents do not have any prepayment penalty. Most of the time, all losses can be avoided by communicating with us so that we know your plans and can let you know when the deadline for payoff without penalty will be.

In the event that my (our) loan that I (We) are applying for pays off for any reason within six (6) months of the date of the first payment due and the Company (1st City Savings dba Quality Mortgage) has to pay a penalty or other fine or reimbursement to the lender or funding source, I (We) agree to reimburse Company for such charge within thirty (30) days of such demand by Company. I also consent for jurisdiction to enforce this agreement to be Santa Barbara County, California.

I / We have read the foregoing and acknowledge receipt of the foregoing Agreement and agree to it.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date