

EXHIBIT 3

Loan Number [REDACTED]

ARBITRATION AGREEMENT

READ THIS ARBITRATION AGREEMENT CAREFULLY. IF YOU ACCEPT IT, IT WILL HAVE A SUBSTANTIAL IMPACT ON THE WAY IN WHICH YOU OR LENDER WILL RESOLVE ANY CLAIM WHICH YOU OR LENDER HAVE AGAINST EACH OTHER.

AS PROVIDED BELOW, THIS ARBITRATION AGREEMENT IMMEDIATELY BECOMES NULL AND VOID IF YOUR LOAN OR AN INTEREST IN YOUR LOAN IS SOLD OR TRANSFERRED TO FREDDIE MAC OR FANNIE MAE OR TO CERTAIN OTHER PARTIES WHO MAY TRANSFER OR SELL YOUR LOAN OR AN INTEREST IN YOUR LOAN TO FREDDIE MAC OR FANNIE MAE.

This Arbitration Agreement, if signed and therefore accepted by You, is made a part of Your Loan Agreement with Lender. By signing this Arbitration Agreement, in consideration of the mutual promises contained herein, You agree that, upon election by Lender or by You, any Claim shall be resolved by binding arbitration pursuant to this Arbitration Agreement and the applicable rules then in effect of the Arbitration Administrator selected at the time the Claim is initiated. Acceptance of this Arbitration Agreement by you is voluntary.

IMPORTANT NOTICE AND LIMITATIONS

Fair and reasonable arbitration can benefit both parties in the resolution of disputes by avoiding the lengthy and often expensive process of litigation in the courts. The parties acknowledge, however, the following consequences and limitations of electing arbitration. If either You or Lender elects to arbitrate a Claim, neither You nor Lender will have the right to: (1) have a court or a jury decide the Claim; (2) engage in pre-arbitration discovery to the same extent that You or Lender could in court; (3) participate in a class action in court or in arbitration as a class representative; (4) act as a private attorney general in court or in arbitration; or (5) join or consolidate your Claim(s) with claims of any other person. The right to appeal is more limited in arbitration than in court. Other rights that You or Lender would have if You or Lender went to court may also not be available in arbitration.

Section 1: DEFINITIONS

"Arbitration Administrator" means either the National Arbitration Forum ("NAF") or the American Arbitration Association ("AAA"), as selected according to the provisions of Section 2 of this Arbitration Agreement.

"Claim" is to be given the broadest possible meaning, and shall mean any claim, dispute, or controversy, whether based upon contract, tort (intentional or otherwise), constitution, statute, common law, regulation, ordinance or equity, and whether pre-existing, present or future, including initial claims, counter-claims, cross-claims, third party claims and claims seeking relief of any type, including damages and/or injunctive, declaratory or other equitable relief, arising from or relating to Your Loan with Lender or the Loan Agreement, the relationships which result from Your Loan with Lender or the Loan Agreement, or any products or services offered in connection with Your Loan with Lender or the Loan Agreement, including, but not limited to, any dispute or controversy concerning, the validity or enforceability of this Arbitration Agreement, any part thereof or the entire Loan Agreement, and whether or not the Claim is subject to arbitration. Notwithstanding this broad definition of Claim, a Claim shall not include Excluded Claims or Proceedings as defined herein, the use by You or by Lender of any self-help or non-judicial remedy, including but not limited to, acceleration of the Note upon the terms provided in the Note and/or Security Instrument, other non-judicial remedies provided in the Note and/or Security Instrument to protect Lender's rights, a non-judicial foreclosure or right of set-off, or any individual judicial action by a party that is limited to preventing the other party from using a self-help or non-judicial remedy and that does not involve a request for damages or monetary relief of any kind.

"Excluded Claims or Proceedings" means any of the following claims or proceedings, which will not be subject to this Arbitration Agreement: (1) any individual action brought by You in small claims court or in Your state's equivalent court, unless such action is transferred, removed, or appealed to a different court; (2) any action to effect a judicial or quasi-judicial foreclosure; (3) any eviction or other summary proceeding to secure possession of real property securing a loan; (4) any action to assert, collect, protect, realize upon or obtain possession of the collateral for a loan in any bankruptcy proceeding; (5) any action to quiet title; (6) any action insofar as it seeks provisional or ancillary remedies in connection with any of the foregoing; and (7) any action to determine the validity and effect of Section 7. Notwithstanding the prior sentence, at Your request, Lender will agree to arbitrate under this Arbitration Agreement any matter covered by item (1). The use of the courts in connection with items (2)-(7) above shall not constitute a waiver of the right of any party to submit any Claim to arbitration, nor render inapplicable the compulsory arbitration provisions contained in this Arbitration Agreement. Lender will agree to a reasonable stay of court proceedings in connection with items (2)-(7) during the pendency of arbitration pursuant to this Arbitration Agreement.

"Lender" means the lender under the Loan Agreement and/or any assignee of the Loan Agreement, including any subsequent assignees, together with each of such lender's and/or assignee's parents, subsidiaries, affiliates, successors or predecessors, and any past or present officers, directors and employees thereof.

"Loan" means the loan made by Lender to You with the Loan Number appearing at the top of this document.

"Loan Agreement" means the promissory note ("Note"), mortgage or deed of trust ("Security Instrument") and other documents executed by You in connection with Your loan with Lender.

"You" and "Your" means the borrower(s) and any person(s) who are permitted to assume the obligations of the borrower(s) under the Loan Agreement, and each of such persons' heirs and executors.

Section 2: STARTING AN ARBITRATION

To start an arbitration, the party initiating the arbitration proceeding shall select and file a Claim with one of the following arbitration administrators: the National Arbitration Forum ("NAF") or the American Arbitration Association ("AAA"). Each of the Administrators maintains an Internet website, publishes pamphlets, and otherwise is available to answer frequently asked questions about arbitration. You can contact them and obtain rules and/or forms at: National Arbitration Forum, P.O. Box 50191, Minneapolis, MN 55405, www.arb-forum.com; or American Arbitration Association, 335 Madison Avenue, New York, NY 10017, www.adr.org. Notwithstanding any language in this Arbitration Agreement to the contrary, no arbitration may be administered without the consent of all parties to the arbitration by any organization that has adopted a formal or informal policy that is inconsistent with, and/or purports to override the terms of, this Arbitration Agreement, including without limitation Section 7, below.

The arbitrator shall be a lawyer with more than ten years experience or a retired or former judge. The arbitrator shall be independent of, and unrelated to, You or Lender.

Section 3: ELECTING ARBITRATION

You and Lender agree that either You or Lender has the absolute right to demand that any Claim be submitted to an arbitrator in accordance with this Arbitration Agreement. If either You or Lender file or pursue a Claim or action in court, the other party has the absolute right to demand arbitration following the filing of such Claim or action. In addition, You or the Lender may bring an action, including a summary or expedited proceeding, to compel arbitration of any Claim and/or to stay the litigation of any Claim pending arbitration, in any court having jurisdiction.

Section 4: LOCATION OF HEARING

Unless otherwise required by state law, any arbitration hearing that You or Lender request will take place in the city nearest to Your residence where a federal district court is located or at such other location as agreed by the parties.

Section 5: COSTS

If Lender files a Claim, Lender shall pay all filing costs.

If You file a Claim, filing costs and administrative fees (other than hearing fees), shall be paid as follows unless otherwise provided by state law:

- (a) You agree to pay for the initial cost of filing the Claim up to the maximum amount of \$100.00; and
- (b) at Your request, or if required by the Arbitration Administrator's rules, Lender will pay for filing costs over \$100.00 and for any administrative fees charged by the Arbitration Administrator for a Claim less than or equal to Your loan amount. Any filing costs and/or administrative fees assessed for a Claim in excess of Your loan amount shall be paid by You.

Lender shall pay the cost of one full day of arbitration hearings. Fees for subsequent hearing days requested by You or by Lender will be paid by the requesting party. If the arbitrator requests more than one day of hearing, the parties shall share the cost of the additional days, unless another fee arrangement is directed by the arbitrator.

The parties shall each bear the expense of their respective attorney's fees, except as otherwise provided by law. If a statute gives You the right to recover any of these fees, or the fees paid to the Arbitration Administrator, these statutory rights shall apply in the arbitration notwithstanding anything to the contrary contained herein. If the arbitrator issues an award in Lender's favor, You will not be required to reimburse Lender for any fees Lender has previously paid to the Arbitration Administrator or fees for which Lender is responsible.

Section 6: GOVERNING LAW

This Arbitration Agreement is made pursuant to a transaction involving interstate commerce and shall be governed by the Federal Arbitration Act, 9 U.S.C. § § 1 *et seq.* (the "FAA"), and not by any state law concerning arbitration. The arbitrator shall follow applicable substantive law to the extent consistent with the FAA, this Arbitration Agreement, and the Arbitration Administrator's rules, to the extent the Arbitration Administrator's rules are consistent with this Arbitration Agreement. The arbitrator shall be authorized to award all remedies permitted by the substantive law that would apply if the Claim was pending in court. All statutes of limitations and claims of privilege that would otherwise be applicable shall apply to any arbitration proceeding conducted pursuant to this Arbitration Agreement. The arbitrator shall, at the request of any party, provide written reasoned findings of fact and conclusions of law. In addition to the parties' rights to obtain information prior to the hearing under the Arbitration Administrator's rules, either party may ask the arbitrator for more information from the other party. The arbitrator will decide whether the discovery of such information is warranted in his or her sole discretion, after allowing the other party the opportunity to object.

Section 7: NO CLASS ACTIONS, PRIVATE ATTORNEY GENERAL ACTIONS OR JOINDER

Notwithstanding any other provision in this Arbitration Agreement, if You or Lender elect to arbitrate a Claim, neither You nor Lender will, without written consent of the other party, have the right to: (1) participate in a class action in court or in arbitration as a class representative; (2) act as a private attorney general in court or in arbitration; or (3) join or consolidate Claims with claims of any other person. The validity and effect of this Section shall be determined exclusively by a court and not by an arbitrator. Neither the Arbitration Administrator nor any arbitrator shall have the power or authority to waive, modify or fail to enforce this Section 7, and any attempt to do so, whether by rule, policy, arbitration decision or otherwise, shall be invalid and unenforceable.

Section 8: EFFECT OF ARBITRATION AWARD

Any court of competent jurisdiction may enter judgment upon the arbitrator's award. The arbitrator's award shall be final and binding, except for: (1) any right of appeal under the FAA; and (2) awards of more than \$200,000 as provided herein. For awards of more than \$200,000, any party may appeal the award to a three-arbitrator panel appointed by the Arbitration Administrator, which will reconsider *de novo* any aspect of the initial award that is appealed. The panel's decision will be final and binding, except for any right of appeal under the FAA. Unless otherwise provided by applicable law or directed otherwise by the panel, the party requesting the appeal will pay the cost of the appeal unless the requesting party prevails on appeal.

Section 9: CONTINUED EFFECT OF ARBITRATION AGREEMENT; SEVERABILITY; CONFLICTS

This Arbitration Agreement shall survive: (1) any modification, extension or forbearance of the Loan Agreement; (2) Your full repayment of Your loan and/or termination of the Loan Agreement; (3) Lender's sale or transfer of Your loan; (4) any foreclosure or other legal proceeding by Lender to collect a debt owed by You; (5) the transfer of any property securing the loan; (6) Your bankruptcy (except where prohibited by applicable bankruptcy law); and (7) any rescission by You or attempt by You to rescind the Loan Agreement pursuant to any applicable law. If any portion of this Arbitration Agreement or the Loan Agreement is deemed invalid or unenforceable under any law or statute, the remaining portions of this Arbitration Agreement and/or the Loan Agreement continue to apply; provided, however, that if Section 7 of this Arbitration Agreement is invalidated in a proceeding in which You and Lender are involved or is otherwise deemed unenforceable and/or invalid, this entire Arbitration Agreement shall be null and void. In the event of any conflict or inconsistency between the rules of the Arbitration Administrator or any other documents relating to Your Loan Agreement and this Arbitration Agreement, this Arbitration Agreement shall govern.

Section 10: WAIVER UPON SALE OR TRANSFER TO FREDDIE MAC OR FANNIE MAE OR TO CERTAIN OTHER PARTIES WHO MAY TRANSFER OR SELL YOUR LOAN OR AN INTEREST IN YOUR LOAN TO FREDDIE MAC OR FANNIE MAE

Notwithstanding any other provision in this Arbitration Agreement, in the event of a transfer or sale of Your Loan Agreement or an interest in Your Loan Agreement to Freddie Mac or Fannie Mae or to another party who has elected to terminate this Arbitration Agreement because it may sell or transfer Your Loan Agreement or an interest in Your Loan Agreement to Freddie Mac or Fannie Mae:

- subject to the last bullet point in this Section 10, this Arbitration Agreement immediately becomes null and void and cannot be reinstated;
- neither Lender nor any servicer shall require that You submit to arbitration to resolve any dispute arising out of or relating in any way to the mortgage loan transaction evidenced by Your Loan Agreement;
- Lender or the servicer will provide You with written notice that this Arbitration Agreement has become null and void not later than 60 days from the date of transfer or sale to Freddie Mac or Fannie Mae or to another party who has elected to terminate this Arbitration Agreement because it may sell Your Loan Agreement or an interest in Your Loan Agreement to Freddie Mac or Fannie Mae. Such notice will contain substantially the following language in bold, capital letters, in clear and conspicuous type-face:

PURSUANT TO YOUR MORTGAGE LOAN DOCUMENTS, WE ARE HEREBY NOTIFYING YOU THAT AN INTEREST IN YOUR LOAN HAS BEEN SOLD OR TRANSFERRED TO FREDDIE MAC OR FANNIE MAE OR TO ANOTHER PARTY WHO HAS ELECTED TO TERMINATE THE ARBITRATION AGREEMENT BECAUSE IT MAY SELL YOUR LOAN OR AN INTEREST IN YOUR LOAN TO FREDDIE MAC OR FANNIE MAE. THEREFORE THE ARBITRATION AGREEMENT OF YOUR LOAN REQUIRING THAT YOU OR LENDER SUBMIT TO ARBITRATION TO RESOLVE DISPUTES ARISING OUT OF OR RELATING TO YOUR MORTGAGE LOAN IS IMMEDIATELY NULL AND VOID. YOU ARE FREE TO CHOOSE TO EXERCISE ANY OF YOUR RIGHTS OR ENFORCE ANY REMEDIES UNDER YOUR MORTGAGE LOAN THROUGH THE COURT SYSTEM. HOWEVER, THIS NOTICE DOES NOT APPLY TO VOID ANY ARBITRATION PROCEEDING THAT IS PENDING ON THE DATE OF THIS SALE OR TRANSFER.

- Lender or the servicer will maintain a copy of such notice in the mortgage file.
- This Arbitration Agreement will remain in full force and effect unless and until You receive the written notice described above.
- This Section 10 will not apply to any arbitration proceeding which is already pending at the time that Your Loan Agreement (or an interest therein) is transferred or sold to Freddie Mac, Fannie Mae, or to another party who has elected to terminate this Arbitration Agreement because it may transfer or sell Your Loan Agreement (or an interest therein) to Freddie Mac or Fannie Mae. This Section 10 will apply to any arbitration proceedings initiated after such transfer or sale.

Section 11: ACKNOWLEDGMENT; SIGNATURES

BY SIGNING BELOW, THE PARTIES ACKNOWLEDGE THAT THEY HAD A RIGHT TO LITIGATE CERTAIN CLAIMS THROUGH A COURT BEFORE A JUDGE OR JURY, AND THAT THEY WILL NOT HAVE THAT RIGHT IF EITHER PARTY ELECTS ARBITRATION PURSUANT TO THIS AGREEMENT, EXCEPT AS PROVIDED OTHERWISE HEREIN. THE PARTIES HEREBY KNOWINGLY AND VOLUNTARILY WAIVE THEIR RIGHTS TO LITIGATE SUCH CLAIMS UPON ELECTION OF ARBITRATION BY EITHER PARTY. THE PARTIES FURTHER ACKNOWLEDGE THAT THEY HAVE READ THIS ENTIRE ARBITRATION AGREEMENT CAREFULLY, THAT THEY RECEIVED A DUPLICATE COPY OF THIS AGREEMENT, AND THAT THEY ARE ENTERING INTO THIS ARBITRATION AGREEMENT VOLUNTARILY AND NOT IN RELIANCE ON ANY PROMISES OR REPRESENTATIONS OTHER THAN THOSE CONTAINED IN THE ARBITRATION AGREEMENT.


Borrower JACK A WELLER

Borrower

Borrower

Borrower

Borrower

Borrower

Authorized Representative of the Lender
By: 
