

ALTERNATIVE DISPUTE RESOLUTION (ARBITRATION) AGREEMENT

This Agreement sets forth a procedure for resolving disputes arising out of or relating to our relationship. The words "we" or "Lender", as used in this Agreement, refer to _____, C. together with all of its directors, officers, employees, agents, parent corporations, subsidiary corporations, corporations affiliated with A _____, by direct or indirect common ownership, any person or entity that may be held jointly and severally liable with Lender, and assignees of any of the foregoing. The words "you", "your" or "Borrower", as used in this Agreement, refer to the borrowers who have entered into this Agreement and those who have entered into the Loan Agreement entered into on this same date ("Loan Agreement"), together with all of his, her, or their heirs, executors, successors, assigns, and any person who claims rights arising out of or relating to the relationship between us. "Us" and "our" as used in this Agreement, mean the Borrower(s) and Lender.

This Alternative Dispute Resolution Agreement is entered into as part of the Loan Agreement. The Borrower's execution of this Agreement is an inducement for the Lender to enter into the Loan Agreement.

(1) **Agreement to Arbitrate.** With limited exceptions, you and we agree that any and all disputes, claims, or controversies of any kind and nature between us arising out of or relating to the relationship between us will be resolved through mandatory, binding arbitration. This agreement to arbitrate covers claims that (a) arise out of or relate to this Agreement or the Loan Agreement; (b) arise out of or relate to any past transactions or dealings between us; (c) arise out of or relate to any future transactions or dealings between us; and (d) disputes about whether any claims, controversies, or disputes between us are subject to arbitration to the extent permitted by federal law. Because you and we have agreed to arbitration, both of us are waiving our rights to have disputes resolved in court by a judge or jury, except as set forth below.

(2) **Examples of Arbitrable Claims.** Examples of disputes that are required to be arbitrated under this Agreement include, but are not limited to, the following claims: (a) an alleged breach of any contractual promise; (b) that any Loan Agreement is void or voidable based on alleged fraud, unconscionability, duress, illegality, or any other ground; (c) that any Alternative Dispute Resolution Agreement between us is void or voidable based on alleged fraud, unconscionability, duress, illegality, or any other ground; (d) that the parties never entered into a Loan Agreement or an Alternative Dispute Resolution Agreement; (e) regarding the scope or interpretation of any Loan Agreement or any Alternative Dispute Resolution Agreement; (f) tort claims; (g) alleged violations of federal or state statutes; (h) for injunctive or equitable relief; and (i) permissive and compulsory counterclaims to any claim subject to arbitration.

(3) **Small Claims Exception.** Notwithstanding any language contained herein to the contrary, neither you nor we are required to arbitrate claims that are limited in amount to \$5000, and not litigated as a class action. If either of us initiates such a proceeding in court, and any claim (including counterclaims, cross-claims or third-party claims) is added to the case that exceeds the limited amount above, or if claims of or on behalf of a class are alleged, then the entire case must be arbitrated. Neither of us will be deemed to have waived our right to arbitrate by filing or litigating a claim that is within this exception.

(4) **No Arbitration Required for Non-Judicial Remedies.** You agree that we do not have to initiate arbitration proceedings in order to exercise our rights of repossession or non-judicial foreclosure, since those remedies would be available to us without court action.

(5) **Arbitration to Be Conducted by an Arbitration Administrator.** The party seeking arbitration shall select one of the following two arbitration administrators: JAMS (Judicial Arbitration and Mediation Services, Inc.) or National Arbitration and Mediation. Except as modified hereby, the arbitration shall be conducted according to the rules and procedures of the selected Administrator. We will obtain a copy of the Administrator's rules and procedures for you at your request. In the event that one of these administrators is unavailable to serve, then the other administrator shall be deemed selected. If both administrators are unavailable, and the parties agree on a different administrator, such different administrator shall be deemed selected; and, if the parties do not agree on a selection, then the parties shall be deemed to have waived arbitration hereunder, and further agree that they waive the right to a jury trial, in favor of having a judge, sitting without a jury, determine the rights and remedies of the parties with respect to all disputes, claims or controversies between them.

(6) **Costs of Arbitration.** If you initiate an arbitration proceeding, you will pay the first \$125 for the filing fees (or such lesser amount as required to file a complaint in a court of general jurisdiction in the state where you reside). We will then pay any filing fees necessary for you to initiate a claim for relief of up to the greater of (a) \$15,000 or (b) the "Total of Payments" as shown in the Truth-in-Lending disclosure statement in the Loan Agreement. You will then be responsible for any fees in excess of the amount stated in the preceding sentence. We will not pay your attorney's fees or expert witness fees, unless the arbitrator awards those fees to you.

If we initiate arbitration, we will pay all filing fees, administrative fees and document hearing fees.

Notwithstanding these provisions regarding the payment of fees, the arbitrator may, as a part of the arbitration award, require that you or we pay all of the costs of arbitration in accordance with the terms of any substantive law governing the claims which are subject to arbitration.

The arbitrator is not permitted to assess attorney's fees or expert witness fees unless the applicable substantive law permits such an award. The arbitrator may assess other fees associated with the arbitration as provided by the arbitration company's rules, except those fees set forth above that will be paid by the Lender.

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(7) **Location of Arbitration.** You may choose either of two options for the location of the arbitration proceeding: (a) the county where you live at the time of the arbitration, if you live in a state where the Lender does business; or (b) the county where you signed this Agreement.

(8) **Law Applicable to Arbitration Proceedings.** The arbitrator is required to follow all substantive law applicable to any dispute, including, without limitation, the applicable statute of limitations. The arbitrator will be bound by the Federal Rules of Evidence, and must respect any applicable attorney-client privilege, attorney work-product privilege, and any other applicable privilege. The arbitrator is required to issue a written decision setting forth the decision and the reasons for that decision. You and we agree that the arbitrator's decision will be final, binding, and enforceable in any court of competent jurisdiction.

(9) **Judicial Review of Arbitrator's Decision.** Except as set forth herein, you and we agree that the arbitrator's decision **CANNOT BE APPEALED.** The arbitrator's decision is subject to judicial review only on the grounds set forth in Title 9, Section 10 of the United States Code, as well as on the ground that the decision, findings, or rationale of the decision is manifestly inconsistent with the terms of this Agreement, the Loan Agreement, or the Federal Arbitration Act.

(10) **No Class Actions or Joinder of Additional Parties.** You agree that you will not serve as a class representative or participate as a class member in an arbitration proceeding, that only your claims will be addressed in the arbitration proceeding, and that additional parties cannot be added to the arbitration proceeding unless you and we agree in writing before the arbitration. A dispute between us that is required to be arbitrated under this Agreement, will be arbitrated only between us, even if there are additional parties to the dispute or even if you make allegations that your dispute should be handled as a class action.

(11) **Replacement of Existing Arbitration Agreements.** You and we agree that this Alternative Dispute Resolution Agreement supersedes and replaces any prior Alternative Dispute Resolution Agreement between us.

(12) **Federal Arbitration Act Applies.** The parties understand and agree that this arbitration agreement is made pursuant to a transaction involving interstate commerce and shall be governed by the Federal Arbitration Act.

(13) **JURY TRIAL WAIVER.** IF IT IS EVER DETERMINED THAT SOME PORTION OF THIS AGREEMENT IS VOID, VOIDABLE, OR UNENFORCEABLE, OR IF THE INCLUSION OF SOME PROVISION IN THIS AGREEMENT WOULD RENDER THE AGREEMENT UNENFORCEABLE, OR IN THE EVENT THAT THIS AGREEMENT IS NOT SUBJECT TO ENFORCEMENT BASED UPON ANY FUTURE ELIMINATION OF CONSUMER DISPUTES FROM THE APPLICATION OF THE FEDERAL ARBITRATION ACT, THEN THE PARTIES HERETO AGREE THAT THEY WAIVE THE RIGHT TO A JURY TRIAL, IN FAVOR OF HAVING A JUDGE, SITTING WITHOUT JURY, DETERMINE THE RIGHTS AND REMEDIES OF THE PARTIES WITH RESPECT TO ALL DISPUTES, CLAIMS OR CONTROVERSIES BETWEEN THEM.

Please read this Agreement carefully before you sign it! It limits certain of your rights, including your right to seek remedies in court and have your claims decided by a judge or jury. If you do not understand this Agreement, do not sign it and seek legal advice!

By: _____

Its Authorized Representative
(LENDER)

BORROWER

date _____