



COMPENSATION COMPARISON

TOPIC	BORROWER PAID COMPENSATION	LENDER PAID COMPENSATION
Overview	Loan originator compensation can be paid from EITHER the Lender or the Borrower, but cannot be paid by BOTH on the same loan.	
Compensation Negotiation	Permitted on a loan by loan basis	Established in advance and may not vary based on individual loan terms or conditions.
Source of Compensation	Broker's compensation can be paid from the following sources: 1. Borrower's own funds 2. Seller Contribution 3. Loan Proceeds	Broker's compensation is paid directly from Carrington Mortgage Services, LLC (CMS).
Premium Pricing (over par pricing)	Premium Pricing may be used to pay toward borrower's 3rd party charges, but cannot be credited towards any portion of the brokers compensation. Excess lender credit is applied as a principal reduction.	Lender credit may be applied to third party fees and may include prepaid interest, taxes, and insurance. Excess lender credit is applied as a principal reduction.
Compensation Credits	The broker may not reduce their compensation. Broker credits are not permitted.	The broker may not reduce their compensation.
RESPA Cures	The broker may not reduce their compensation to cure a TILA, RESPA, or QM issue.	The broker may not reduce their compensation to cure a TILA, RESPA, or QM issue.
Seller Contribution	Considered borrowers funds and therefore may be credited toward the Broker's compensation.	Considered borrowers funds and therefore may not be credited toward the brokers compensation.
Processing Fee	May be charged by the broker. (Cannot exclude fee to cure QM or TIL)	The broker may not charge a processing fee to the borrower (Independent processing fee allowed).
3rd Party Processing Fee	May be charged by the broker.	Permitted for 3rd party (non-affiliated) processing only to exclude from 3% points and fees. Must be payable to a 3rd party, not the broker. Check Guidelines for rules and restrictions.
APR Fee	Yes, will be disclosed on the itemization of amount financed.	Lender Paid compensation is not an APR fee.
What goes in GFE - Block 2/HUD Line 802	If locked, the final price of the rate.	If locked, the final price of the rate plus the Lender Paid Compensation. HUD Line 802 - HUD Addendum should itemize Lender Paid compensation and Lender Credit to Borrower.
GFE - Block 1	Block 1 include all broker compensation and lender fees. The dollar amount in Block 1 may increase only in relation to an increase in loan amount unless the broker agreement states otherwise. However, the percentage of compensation may not increase.	Block 1 must cover the Lender Paid compensation for broker and lender fees. If the loan amount changes, the Lender Paid compensation plan in effect at application, which could include a floor and ceiling amount must be used.
Payout	May be financed in the loan or paid in cash at closing by the borrower.	CMS must pay broker directly.
CAPS	The greater of the minimum dollar amount or Lender Paid Compensation percentage.	2.75%, Maximum compensation is \$22,500
Maximum Payout	\$22,500	\$22,500
QM	Maximum 3% plus Points and fees.	Maximum 3% points and fees. Once the minimum dollar amount exceeds the Qualified Mortgage Points and Fees Test, the compensation must be switched to Borrower Paid Compensation.
Compensation Switch	The broker may switch from Lender Paid to Borrower Paid or from Borrower Paid to Lender Paid compensation only when there is a benefit to the borrower. Borrower must request compensation switch in writing. Under no circumstances can the compensation to the broker be increased or decreased.	
Discount Points	The entire amount will be an APR fee and disclosed on the itemization of the amount financed when loan is locked and the final price of the rate is a charge.	
Broker Fee Agreement	Only required when the written agreement is required by the state.	

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