



BROKER COMPENSATION AGREEMENT INITIAL AGREEMENT/CHANGE REQUEST

Initial Agreement Submission Date: _____

Change Request Submission Date: _____

In effect for all applications submitted on or after the date entered above until a Change Request is submitted and approved by Carrington Mortgage Services, LLC.

You are eligible for one Change Request every sixty (60) days. Please send the request to BrokerIQsupport@carringtonms.com. Change Requests received on or before the 25th of the month will go into effect on the first business day of the next month. Change requests received on or after the 26th of the month will go into effect on the first business day of the second month following the request.

COMPENSATION ELECTIONS

Carrington Mortgage Services, LLC (CMS) is currently offering compensation tiers on Lender paid compensation as shown below. You will be required to make a selection of the tier best suited for your business. Consider your overhead costs when selecting the appropriate tier and other compensation options. Broker is eligible for either Borrower or Lender paid compensation¹.

Compensation Tier (select one)	Minimum ² (select one or min defaults to \$0)		Maximum (select one or max defaults to \$22,500)	\$695 Fee or Non-Affiliated Third Party Processing Fee(select one)
Tier 1 1.00% of Total Loan Amount	\$0	\$2,250	\$10,000	None
	\$1,500	\$2,500	\$15,000	Plus \$695
	\$1,750	\$2,750	\$22,500 ³	Non-Affiliated Third Party Processing Fee ⁴
	\$2,000	\$3,000		
Tier 2 1.25% of Total Loan Amount	\$0	\$2,250	\$10,000	None
	\$1,500	\$2,500	\$15,000	Plus \$695
	\$1,750	\$2,750	\$22,500 ³	Non-Affiliated Third Party Processing Fee ⁴
	\$2,000	\$3,000		
Tier 3 1.50% of Total Loan Amount	\$0	\$2,250	\$10,000	None
	\$1,500	\$2,500	\$15,000	Plus \$695
	\$1,750	\$2,750	\$22,500 ³	Non-Affiliated Third Party Processing Fee ⁴
	\$2,000	\$3,000		
Tier 4 1.75% of Total Loan Amount	\$0	\$2,250	\$10,000	None
	\$1,500	\$2,500	\$15,000	Plus \$695
	\$1,750	\$2,750	\$22,500 ³	Non-Affiliated Third Party Processing Fee ⁴
	\$2,000	\$3,000		
Tier 5 2.00% of Total Loan Amount	\$0	\$2,250	\$10,000	None
	\$1,500	\$2,500	\$15,000	Plus \$695
	\$1,750	\$2,750	\$22,500 ³	Non-Affiliated Third Party Processing Fee ⁴
	\$2,000	\$3,000		
Tier 6 2.25% of Total Loan Amount	\$0	\$2,250	\$10,000	None
	\$1,500	\$2,500	\$15,000	Plus \$695
	\$1,750	\$2,750	\$22,500 ³	Non-Affiliated Third Party Processing Fee ⁴
	\$2,000	\$3,000		
Tier 7 2.50% of Total Loan Amount	\$0	\$2,250	\$10,000	None
	\$1,500	\$2,500	\$15,000	Plus \$695
	\$1,750	\$2,750	\$22,500 ³	Non-Affiliated Third Party Processing Fee ⁴
	\$2,000	\$3,000		
Tier 8 2.75% of Total Loan Amount	\$0	\$2,250	\$10,000	None
	\$1,500	\$2,500	\$15,000	Non-Affiliated Third Party Processing Fee ⁴
	\$1,750	\$2,750	\$22,500 ³	
	\$2,000	\$3,000		

¹ Borrower Paid compensation is comprised of the origination fee and processing fee and is capped at the greater of the minimum dollar amount or the Lender Paid compensation percentage.

² Once the minimum dollar amount exceeds the Qualified Mortgage Points and Fees Test, the compensation must be switched to Borrower Paid compensation.

³ Maximum compensation is \$22,500.

⁴ If a third party processing fee is charged, the broker is not eligible for Lender Paid compensation that includes the addition of \$695.00.

COMPENSATION CHANGES

Compensation changes may be made every sixty (60) days. Changes must be made by the 25th of each month (or the next business day). Any changes made will become effective on the first business day of the month immediately following the change date. Any changes made will not affect loans in process. It will only affect applications submitted on the first business day of the month in which the new compensation tier becomes effective. A new Compensation Election Form will be required each time the compensation tier is changed.

ADDITIONAL PROVISIONS:

- I understand that all loans registered after April 6, 2011 with Lender Paid Compensation will be administered in accordance with Regulation Z §226.25 and §226.36
- I understand that this compensation selection applies to all I loans submitted with the Lender Paid Compensation per the Lender Paid Compensation Agreement then in effect.
- I understand that payment of compensation must be properly disclosed per all legal and Regulatory requirements.
- I understand that I cannot collect compensation by any other means or from any other party in transactions with Lender Paid Broker Compensation.
- I will not steer or direct a consumer to consummate a loan transaction in order to receive greater compensation per Regulation Z.
- I certify that all Loan Originator Compensation Agreements and payments are in compliance for Borrower Paid and Lender Paid Plans. And that Loan Originators in my employment comply with all applicable laws and regulations including but not limited to Regulation Z.
- In order to ensure borrowers are not charged excessive or unfair fees in connection with a residential mortgage loan transaction, and to ensure broker's compensation is commensurate with services they perform, the broker cannot pass third party processing fees on to the borrower as a separate charge on lender paid transactions. If a third party processing fee is charged, the broker is not eligible for Lender Paid compensation that includes the addition of \$695.00.

A lender's compensation includes compensation intended to cover costs associated with the processing of a mortgage loan. Therefore, if a broker elects to outsource all or part of the processing of a loan to a third party entity (regardless of affiliation), no additional or separate charge is allowed as the costs of such third party processing is already part of the broker's compensation.

- Broker is eligible for either Borrower or Lender paid compensation. In Borrower paid compensation transactions, the broker will negotiate compensation directly with the consumer. The consumer may pay bona fide third party costs by paying cash at closing or by financing them through the loan principal or interest rate. However, compensation cannot be paid by more than one source. If the borrower pays the broker, Borrower Paid compensation is comprised of the origination fee and a processing fee and is capped at the greater of the minimum dollar amount or Lender Paid compensation percentage.
- Additionally, when compensation changes from Lender Paid to Borrower Paid, the Borrower will need to provide a statement requesting the change and the reason for the change.

I understand that as a Broker I am responsible for complying with all aspects of TILA, including but not limited to, compensation to my Loan Officers. If I select a Borrower-Paid Plan for a specific loan, I must compensate the Loan Officer on either a salary or hourly basis. Bonuses are allowed as long as they are not based on a specific loan. For example, bonuses are allowed to be paid on overall volume or quality. If I select a Lender Paid Plan for a specific loan, I may compensate the Loan Officer on a fixed percentage of the loan amount with or without a fixed minimum or maximum dollar amount, but cannot vary with different levels or tiers of loan amounts. I may also split the Broker's compensation with the Loan Officer as long as the amount is a fixed percentage or fixed dollar amount. I may not pay the Loan Officer on a loan's terms or conditions or interest rate. I may not compensate a Loan Officer on factors that are considered proxies such as the credit score or debt-to-income ratio. If I have multiple branches with the same NMLS number, all Loan Officers of each branch must only be paid based on the compensation agreement in place for their branch, and may not submit loans through another branch on a different compensation agreement. If I choose to submit one loan under a Borrower Paid Plan and another loan under a Lender Paid Plan, I must still pay each Loan Officer in accordance with TILA as stated above. I understand that I must have written compensation agreements in place with my Loan Officers.

These compensation agreements may change periodically but cannot change by loan. Thus if the Loan Officer is on a salary and I change a loan from one Plan to the other, I must continue to pay the Loan Officer on a salary. Also, if my processor also originates even one loan, then I must comply with this regulation and pay the processor as above. There may be other forms of acceptable and unacceptable compensation.

I understand and acknowledge that Carrington Mortgage Services, LLC reserves the right to audit my compliance with this Agreement as it deems appropriate.



BROKER COMPENSATION AGREEMENT INITIAL AGREEMENT/CHANGE REQUEST

I represent and warrant that I have the authority to sign this document on behalf of the Mortgage Broker Company listed below:

Company Name

Company NMLS Number

Company Address Street City State Zip

Broker of Record Name and NMLS Number

Broker of Record Email Address

Broker's Signature

Date

Principal's Name

Principal's Email Address

Principal's Signature

Date

If the Compensation Agreement is executed for a branch office of the broker, please complete the branch office location. The Compensation Agreement for a branch office must be executed by the corporate office, Broker, and Principal.

Branch Street Address, City, State and Zip Code

Branch NMLS Number