



HOMEXPRESS MORTGAGE CORP BROKER COMPENSATION ADDENDUM

This Broker Compensation Addendum (“Addendum”) is entered into as of the _____ day of _____, 20____, by and between HomeXpress Mortgage Corp (“Lender”) and _____ (“Broker”).

This Addendum supplements the Broker Agreement (“Agreement”) entered into by and between HomeXpress Mortgage Corp and Broker. Hereafter when read together, the Agreement and the Addendum shall constitute one integrated document.

In consideration of the mutual undertakings and covenants set forth in this Addendum, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. If completed and returned, this Addendum replaces and supersedes any and all prior Broker Compensation Addendums to the Agreement between the parties.
2. This Addendum will be effective for all Brokered Loans registered and assigned to a HomeXpress Mortgage Corp loan number on or after _____.
3. Broker may not receive compensation from more than one source for loans subject to 12 CFR § 1026 (“Regulation-Z”). Broker may elect, on a loan-by-loan basis, to receive either lender paid compensation or borrower paid compensation. Either election precludes additional compensation being paid, directly or indirectly, by any other party, person or entity to the transaction, or outside the transaction. Lender credits cannot be paid to Broker when Broker has elected to receive borrower-paid compensation.
4. All fees paid to Broker, other than bona fide pass-through fees, shall count towards the selected lender paid compensation tier, or the negotiated borrower paid compensation.
5. When compensation on a consumer-purpose loan subject to Regulation Z is paid by Lender, such amount is and will be Broker’s sole source of compensation. Broker will not charge the borrower any additional fees, including, without limitation, processing fees.
6. Seller contributions are considered “paid by the borrower”; therefore, under the borrower paid compensation plan, seller contributions may be used to fully or partially pay broker fees. However, under the lender paid compensation plan, the broker can be paid by the lender and no one else. Therefore, seller contributions can only be used to pay third party closing costs and lender fees.



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7. Broker shall be solely responsible for the payment of compensation to its mortgage loan originators (“MLOs”). Broker agrees that all compensation paid to its MLOs will conform with all of the requirements set forth in the Truth-in-Lending Act as implemented by Regulation-Z, and with other applicable law.

8. **Compensation Paid By Borrower**

On a per loan basis, Broker shall submit a completed Loan Brokerage Agreement (compliant with Cal. Fin. Code § 50701 or other equivalent or applicable federal, state or local requirements) to Lender.

The compensation agreement you negotiate with any applicant shall not be based upon or be influenced in any way by any of the prohibited considerations noted in the Housing Financial Discrimination Act of 1977 (21 CCR § 7114) or other equivalent or applicable federal, state or local requirements.

 - 8.1 **Fee Cap – In General**

Broker shall abide by the Lender’s established origination fee limits (“fee cap”), which are calculated as a percentage of the note amount and encompass all fees paid to Broker, including but not limited to loan origination fee and processing fee.

 - 8.2 **Consumer Purpose Loan – Fee Cap**

Broker must negotiate and establish compensation directly with the borrower; compensation may not exceed Two and Three-Quarters percent (2.75%), which is the fee cap established by Lender.

 - 8.3 **Business Purpose Loan – Fee Cap**

Broker must negotiate and establish compensation directly with the borrower; compensation may not exceed Five percent (5.0%), which is the fee cap established by Lender.



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9. **Compensation Paid by Lender – Consumer Purpose and Business Purpose Loans**
Under a lender paid plan, compensation will be established as a percentage of the loan amount, paid by Lender to Broker. Broker must pre-select one of the of the compensation tiers listed below. Once Broker has selected a compensation tier, that tier shall apply to all loans submitted as “lender paid”. Under a lender paid plan, compensation may not increase or decrease on any loan so submitted.

Broker may select a lender paid compensation tier (select one):

- None 1.00% 1.25% 1.50% 1.75%
 2.00% 2.25% 2.50% 2.75%

NOTE: If Broker elects not to receive lender-paid compensation by selecting “None”, Broker compensation will be limited to borrower paid compensation only. Broker shall have the opportunity to request a change in their selected compensation tier on a quarterly basis per the Open Compensation Schedule. (see paragraph 12)

At Broker’s sole discretion, a dollar cap shall be applied to the above selected compensation tier. Compensation would be paid at the lesser of the capped dollar amount or compensation tier computed dollar amount.

\$ _____ Lender paid compensation is to be capped at this dollar amount.

(Initials)

SKIP TO SECTION 10 IF YOU HAVE ELECTED TO FOREGO LENDER-PAID COMPENSATION

- 9.1 **Authorization to Obtain Soft Pull Credit Report(s)**
Broker authorizes Lender to obtain soft pull credit report(s) for all Principals of Broker as identified in the Broker Application.

(Initials)

- 9.2 **Financial Surety Requirements for Selecting Lender Paid Compensation**
Broker is required to provide additional financial surety to Lender. YTD financial statement dated within 6 months of application. May be audited or unaudited



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10. Dual Compensation

The term “Dual Compensation” refers to there being two sources of compensation that will be paid to Broker at funding:

- Borrower paid compensation (per LBA executed with the borrower; and
- Lender paid compensation (per selected lender paid compensation tier)

For consumer purpose loans subject to Regulation Z, compensation is not allowed from multiple sources and must be compliant with the restrictions on dual compensation [Reference § 1026.36(d)(2)(i)].

For business purpose loans NOT subject to Regulation Z, Broker may elect to submit the loan with a portion of the total compensation paid by the borrower and the remainder by the lender. The lender paid portion of the compensation is subject to Broker’s selected compensation tier and the aggregate broker compensation may not exceed the business purpose 5.0% fee cap.

11. Early Payment Default/Early Payoff Remedies

Lender is hereby authorized at any time without legal presentment, written demand, or other notice of any kind to Broker or any other person, to set off from any amounts due Broker from Lender all amounts due Lender from Broker. Lender reserves the right to any additional remedy it may have at law or equity.

In the event of either an “Early Payment Default” (“EPD”) or “Early Payoff” (“EPO”), the Broker shall reimburse to Lender an amount equal to the total of all compensation paid to Broker from lender paid compensation and lender credits received by Broker at the direction of the borrower (“Refund”).

The Refund shall be due and payable from Broker to Lender within thirty (30) calendar days following the earlier of: (1) date Broker first learns of the existence of the EPO or EPD loan; or (2) date on which Broker first receives notice from Lender of the EPO or EPD loan.



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12. **Processing Fees**

The following is an outline of Lender's processing fee rules:

▪ **Consumer Purpose Loans**

- Borrower Paid Broker Compensation
 - In-House Processing Fee
Allowable subject to the combined broker compensation and processing fees not exceeding 2.75%
 - Third-Party Processing Fee
Allowable subject to processor being under the supervision of a broker with a different license
- Lender Paid Broker Compensation
 - In-House Processing Fee
Not Allowed
 - Third-Party Processing Fee
Allowable subject to processor being under the supervision of a broker with a different license

▪ **Business Purpose Loans**

- Borrower Paid Broker Compensation
 - In-House Processing Fee
Allowable subject to the combined broker compensation and processing fees not exceeding 5.0%
 - Third-Party Processing Fee
Allowable – not subject to the 5% broker compensation cap
- Lender Paid Broker Compensation
 - In-House Processing Fee
Allowable subject to aggregated broker compensation and processing fees not exceeding 5.00% fee cap.
 - Third-Party Processing Fee
Allowable – not subject to the 5% broker compensation cap



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13. **Open Compensation Schedule**

The selected lender paid compensation tier may be changed on a quarterly basis. Broker may request a change in lender paid compensation by selecting a new tier and providing a business justification for the change. Lender shall contact Broker prior to the next open schedule period to review and evaluate Broker's request. The current lender paid compensation tier shall remain in effect until Lender approves the change request, which will become effective at the beginning of the next new quarter. Any periodic changes to Broker's compensation tier will not be based upon the terms of a loan transaction.

- Q1 January through March
Approvals granted during this time period will become effective on April 1st

- Q2 April through June
Approvals granted during this time period will become effective on July 1st

- Q3 July through September
Approvals granted during this time period will become effective on October 1st

- Q4 October through December
Approvals granted during this time period will become effective on January 1st

ACKNOWLEDGEMENTS

Broker acknowledges that if a Brokered Loan funded by Lender is repaid in full within the six (6) months immediately following the closing of such loan, and where Broker participated in any way with the early payoff; or where the Brokered Loan funded by Lender is thirty (30) days past due or greater on an of the first four (4) installments due on the note, the EPO/EPD Refund shall be due and payable from Broker to Lender within thirty (30) calendar days following the earlier of: (1) date Broker first learns of the existence of the EPO or EPD loan; or (2) date on which Broker first receives notice from Lender of the EPO or EPD loan.



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By signing below, Broker certifies that:

- Broker complies with the Consumer Financial Protection Bureau’s Loan Originator Compensation and Anti-Steering rules as published in 12 CFR § 1026.36(d) & (e), and other applicable legal requirements;
- Broker agrees to this Broker Compensation Addendum to the Broker Agreement and understands that payment of this compensation must be properly disclosed per all legal and regulatory requirements;
- Broker understands that this Broker Compensation Addendum to the Broker Agreement impacts all loans submitted to Lender from any of our office locations.

IN WITNESS WHEREOF, the parties have caused this Broker Compensation Addendum to be executed by their duly authorized representative, who by signing below represents and certifies as to having the authority to bind Broker to this Agreement.

BROKER COMPANY:

(Printed Name of Broker Company)

(Signature of Broker Company’s Authorized Representative)

(Printed Name of Authorized Representative)

(Title of Authorized Representative)