



HOMEXPRESS MORTGAGE CORP. BROKER COMPENSATION AGREEMENT

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. 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 by any other party, person or entity to the transaction, or outside the transaction.
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 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 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.
7. Broker shall be solely responsible for the payment of compensation to its Mortgage Originators. Broker agrees that all compensation paid by Broker to Broker's Mortgage Originators 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 applicable state code) to HomeXpress.

The Housing Financial Discrimination Act of 1977 makes it illegal to discriminate in the provision of or in the availability of financial assistance because of the consideration of:

- a) Trends, characteristics or conditions in the neighborhood or geographic area surrounding a housing accommodation, unless the financial institution can demonstrate in the particular case that such consideration is required to avoid an unsafe and unsound business practice; or
- b) Race, color, religion, sex, marital status, domestic partnership, national origin or ancestry.

Therefore, the compensation agreement you negotiate with any applicant shall not be based upon or be influenced in any way by any of the above noted prohibited considerations.

8.1 **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 origination fee ceiling established by HomeXpress.

8.2 **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 origination fee ceiling established by HomeXpress.

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):

- 0.00%
- 1.00%
- 1.25%
- 1.50%
- 1.75%
- 2.00%
- 2.25%
- 2.50%

NOTE: If Broker selects a 0.0% lender paid compensation tier, 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)



NOTE: If Broker selects a lender paid compensation tier between 1.00% - 2.50%, Broker will be subject to additional financial surety requirements associated with offsetting specific risks associated with lender paid compensation.

9.1 Authorization to Obtain Credit Report(s)

By selecting a lender paid compensation tier, Broker authorizes Lender to obtain credit reports for all Principals of Broker as identified in the Broker Application. _____
(Initials)

9.2 Financial Surety Requirements for Selecting Lender Paid Compensation

The financial security requirements stated in this section are NOT applicable if the 0.0% lender paid compensation tier was selected by Broker.

If a lender paid compensation tier between 1.00% - 2.50% was selected, Broker is required to provide additional financial surety to Lender, Broker is provided two options for satisfying this requirement:

- (Option A) Broker elects to provide YTD financial statement; and in addition, either its most recent audited financial statement, or both a balance sheet and income statement for the fiscal year most recently ended, either containing a minimum net worth of \$50,000;

The audited financial statements submitted to Lender must be prepared in accordance with generally accepted accounting principles, and will either be:

- audited by a certified public accountant, or
- will include both a balance sheet and an income statement for the fiscal year most recently ended.

At Lender's discretion, Broker may be requested to provide additional information regarding its financial condition.

- (Option B) Broker elects to give Lender a Personal Guaranty along with a current personal balance sheet.

(1) 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.

The undersigned (“Guarantor”), jointly and severally (if more than one), unconditionally guarantees prompt payment to Lender, including its successors and/or assigns, of all obligations (“Obligations”) incurred by Broker pursuant to the Broker Agreement (“Personal Guaranty”). Each Guarantor further agrees to repay all Obligations on demand, without requiring Lender to first enforce payment against Broker. The Personal Guaranty is not a guaranty of collection but is instead a guaranty of payment. The Personal Guaranty is a primary, unconditional and continuing obligation that will remain in full force and effect until any of the following occurs:

- a) Lender has terminated this Personal Guaranty;
- b) Indefeasible payment in full of all Obligations; or
- c) The passage of thirty (30) days from the date a written notice of revocation is received and accepted by Lender.

However, no revocation will affect:

- a) Existing liabilities of the revoking Guarantor under this Personal Guaranty;
 - b) Obligations that were created, contracted, assumed, acquired, or incurred prior to the date of such revocation;
 - c) Obligations arising under the agreements or instruments then in effect and then evidencing the Obligations.
- (2) Each Guarantor represents and warrants that it is a legal resident of the United States of America. Each Guarantor waives all notices to which the Guarantor might otherwise be entitled and waives all defenses that may be available to Guarantor. This Personal Guaranty shall be construed in accordance with the laws of the State of California, and shall inure to the benefit of Lender, its successors and/or assigns.

To the extent not prohibited by applicable law, each undersigned Guarantor waives a right to a trial by jury of any claim or cause of action based upon, arising out of, or related to this Personal Guaranty, the Agreement and all other documentation evidencing the Obligations, in any legal action or proceeding. Any such claim or cause of action shall be made by bench trial without a jury.



- (3) If any one of the first six (6) scheduled payments due on a mortgage loan are paid more than sixty (60) days after its scheduled due date, Broker shall reimburse to Lender all lender paid Broker compensation that that had been paid on the loan. Such reimbursement shall be paid to Lender by Broker not later than ten (10) days following Lender's notice to Broker that such reimbursement is owing.

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 (i.e., 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. **Processing Fees**

In-house and third-party processors may charge a processing fee in many circumstances. However, in certain circumstances a processing fee may not be charged and in others still, they may be aggregated with the origination fee and be subject to an applicable fee cap. Following is an outline of the 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

12. **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.

- 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 defaults within the six (6) months immediately following the closing of such loan, Broker shall reimburse to Lender an amount equal to the total of all compensation paid to Broker from any source, including all



borrower paid and lender paid compensation (“EPO Refund”). The EPO 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 loan; or (2) date on which Broker first receives notice from Lender of the EPO loan.

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);
- 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.

(Printed Name of Broker)

(Signature of Person Authorized by Broker)

(Printed Name of Authorized Representative)

(Title of Authorized Representative)

(Broker’s Tax Identification Number)