



Mortgage Broker Compensation Addendum

This Mortgage Broker Compensation Addendum (“Addendum”) is entered into on _____, 20____, (“Effective Date”) by and between _____ (“Broker”) and Mortgage Solutions of Colorado, a limited liability company dba Mortgage Solutions Financial (“MSC” and/or “Lender”), hereinafter collectively referred to as Party or Parties. This Addendum is incorporated into and constitutes a part of the Mortgage Broker Agreement between Broker and MSC. This Addendum, read in conjunction with Broker’s Mortgage Agreement, constitutes the entire agreement between the parties with respect to compensation paid by MSC to Broker. If Broker is compensated by the borrower or any representative thereof, the term Lender-Paid Compensation will not be applicable except as stated below.

- A. **Effective Date:** This Addendum shall apply to all borrower Loan Applications dated on or after the Effective Date of the Addendum execution (“Effective Date”). This Addendum shall supersede any previous compensation agreement(s).

The initial Application Date on the loan transaction shall determine the compensation that is in effect for that loan. The Broker may change this Compensation Addendum no more frequently than on a quarterly basis.

- B. **Source of Compensation:** Every loan locked with MSC after the Effective Date must reflect the appropriate broker chosen compensation plan. Brokers will have the following choices for loans locked:
1. Borrower-Paid Compensation; or
 2. Lender-Paid Compensation.

At the time of Loan submission Broker will be required to choose either the Borrower-Paid or Lender-Paid Compensation box provided on MSC’s Wholesale Submission form. In addition, Broker will be required to choose the appropriate compensation source by selecting either the Borrower-Paid or Lender-Paid Compensation option provided in MSC’s automated pricing system. Payment of compensation must be properly disclosed according to all legal and regulatory requirements.



- C. **Borrower-Paid Compensation:** Borrower-Paid Compensation is Broker compensation paid by the borrower using the borrower's own funds or loan proceeds. Borrower-Paid Compensation includes any seller concessions, or interested party contributions for VA loans, by any representative of the borrower. Borrower-Paid Compensation is negotiated by Broker directly with the borrower and may vary on each individual loan submitted to MSC. Under Borrower-Paid Compensation, Broker may lower fees or offer credits toward third-party closing costs. MSC will not be responsible nor represented by Broker or any of Broker's affiliates regarding the negotiations with the borrower in a Borrower-Paid Compensation transaction. **WHEN CHOOSING BORROWER-PAID COMPENSATION THE BROKER MAY NOT RECEIVE ANY COMPENSATION DIRECTLY OR INDIRECTLY FROM ANY OTHER PARTY OR ENTITY TO THE TRANSACTION, OR OUTSIDE OF THE TRANSACTION, EXCEPT THE BORROWER, INCLUDING THE LENDER.** Bona fide third-party fees are not Borrower-Paid Compensation, and therefore may be paid by Lender on behalf of the Borrower from premium pricing when applicable.
- D. **Lender-Paid Compensation:** Lender-Paid Compensation is defined as compensation paid to Broker directly or indirectly by MSC. When Broker chooses Lender-Paid Compensation, Broker's compensation will be calculated as a percentage of the loan amount at the time of loan consummation, and paid in accordance with the Addendum in effect at the time of loan application. Lender-Paid Compensation plans must comply with current MSC policies and procedures as outlined below:

Lender-Paid Compensation for all loan products other than Agricultural will be set at _____ percent (_____ %) of the principal loan amount. (MSC max 2.25% for Non TIER 1 / TIER 2 brokers)

_____ **Broker Initials**

Maximum compensation \$_____ (N/A is acceptable)

The lesser of the Lender Paid Compensation or the Maximum Compensation will be paid.

All Agricultural products must be disclosed with Borrower-Paid Compensation.

On all Lender-Paid Compensation, Broker compensation amount may not vary per loan terms or conditions. MSC is bound by the terms set forth in this Addendum and will not pay more or less than agreed upon. Notwithstanding the exception for loan originator reduction in compensation to cover unforeseen increases in settlement costs pursuant to the Dodd-Frank Loan Originator Rule, Broker further agrees that by choosing Lender-Paid Compensation, Broker will not be allowed to raise or lower his compensation to offer credits toward third-party closing costs, give a borrower credit at closing, or credit the Borrower or any representative any portion of compensation inside or outside of this transaction closing.



E. **Compensation Limits:** Regardless of whether compensation chosen is Borrower-Paid or Lender-Paid, MSC will abide by all HOEPA laws and regulations governing high cost loans. The total points and fees payable in connection to a transaction (other than bona fide third-party charges not retained by the Broker, creditor, or an affiliate of the Broker or creditor) cannot exceed:

1. 5% of the total transaction amount for all loans exceeding \$20,000.00; or
2. 8% of the total transaction amount or \$1,000.00 for loans less than \$20,000.00.

In addition, MSC will abide by the QM rules and regulations and pay compensation accordingly.

F. **Third-Party Costs:** In a Lender-Paid transaction a Borrower may elect to choose a higher interest rate to cover bona fide third-party fees associated with the closing. Any amount in excess of bona fide third-party fees will be returned to the Lender and is not available for compensation to any party of the Broker.

G. **Dual Compensation:** Broker agrees and understands that compensation received from both the Borrower (and his or her representatives) and from the Lender or any other person is strictly prohibited and is a direct violation of Regulation Z and the Official Staff Commentary of the Truth in Lending Act. Broker agrees that all compensation received will be fully disclosed on the Closing Disclosure and no additional compensation has been agreed upon outside of closing.

H. **Compensation Plan Administrator:** Broker's Corporate Resolution defines which individuals are authorized to act on behalf of Broker. Broker understands that person(s) listed on the signed Corporate Resolution will be the only authorized persons to change or modify this Addendum. In the event that any changes are made to the Corporate Resolution, MSC must be notified in writing prior to assignment or will accept compensation changes directly from the person(s) of record.

I. **Anti-Steering Disclosure:** Steering a Borrower to consummate a loan based on Broker's receipt of greater compensation from the Lender is prohibited, unless the transaction is in the best interest of the Borrower. MSC requires an Anti-Steering Disclosure for all new applications which describes each loan presented to the Borrower and must include the following information:

1. The loan with the lowest interest rate available;
2. The loan with the lowest interest rate without negative features (discount points); and
3. The loan with the lowest total fees associated with the transaction. (Includes all fees of Lender and affiliates of Lender if applicable.)

J. **Loan Estimate:** With respect to each application, Broker and the Applicant shall complete and execute a Loan Estimate ("LE") which complies with Applicable Requirements and contains all applicable fees and charges and itemizes the dollar amount of compensation that will be paid to the Broker.



- K. **Payments to Loan Officers:** Broker shall be responsible for the payment of compensation to Broker's loan officers. Broker must establish agreements for Loan Originator compensation for its employees who act as Loan Originators and such compensation paid by Broker to loan officers complies with applicable laws and regulations, including Regulation Z under the federal Truth-in-Lending Act, as amended effective April 6, 2011 and as may be amended in the future.

- L. **Conflicts:** This Addendum supersedes all prior MSC Wholesale Broker Compensation Agreement(s) currently in place between the Parties and constitutes the entire Agreement between the parties with respect to Broker's compensation paid by MSC or any affiliate of MSC. At signing of this legal instrument there exist no written or oral Agreements between any parties with respect to the subject matter of this Addendum. In the event of a conflict among any term contained in the MSC Broker Agreement and this Addendum, it is understood that this Addendum shall control. All other terms in the Agreement not in conflict with this Addendum shall control. All other terms in the Agreement not in conflict with this Addendum shall remain in full force and effect.

- M. MSC retains the right to amend, modify, or discontinue any and all compensation plans at any time and for any reason, at its sole discretion, without notice to or recourse by Broker.



IN WITNESS WHERE OF, the Parties hereto have executed this Addendum as of the date first written above.

Mortgage Solutions of Colorado, LLC BROKER

(Signed)

(Name of Company – please print)

(Printed)

(Signature of Broker)

(Title)

(Printed name of Broker)

(Company's Tax Identification Number)

(Broker Identification Number, NMLS)