

## Quick reference: Broker Compensation

Newfi's goal is to develop a regulatory compliant program that fairly and properly compensates our Brokers. Newfi offers two types of broker compensation, Borrower paid and Lender paid.

### BORROWER (BPC) AND LENDER (LPC) PAID BROKER COMPENSATION COMPARISON

Borrower Paid Compensation	Lender Paid Compensation
All compensation is negotiated between the Broker and the Borrower; must be equal to or less than the LPC amount. The Compensation Plan can vary from loan to loan.	Newfi and the Broker agree on the compensation, which could be a dollar amount, percentage, or combination. The <b>Compensation plan cannot vary from one loan to the next.</b>
Premium Pricing (over par pricing) can be used to pay toward the Borrower's 3 <sup>rd</sup> party charges <b>but cannot be credited toward any portion of the Broker's compensation.</b>	Any Premium Pricing (over par pricing) <b>must be</b> credited toward the Borrower's 3 <sup>rd</sup> party charges or Newfi fees. This credit <b>cannot</b> exceed the total of the 3 <sup>rd</sup> party charges and Newfi fees. All third party fees must have an invoice.
Broker may reduce if needed for compliance reasons.	Broker <b>cannot</b> reduce their compensation on a transaction to correct violations.
Broker Compensation is included in the Initial LE.	Broker Compensation is <b>not</b> included in the Initial LE.

#### Key Notes

##### Lender Paid:

1. The Broker receives compensation directly from the Lender at a pre-determined level that can be adjusted every 90 days.
2. Compensation **will be consistent for all branches in the same state.**
3. Brokers will not be permitted to credit any portion of their compensation to the Borrower.
4. Broker agreed compensation will be the only amount paid to the Broker. **Additional fees for processing, application, etc. will not be paid to the Broker.**
5. The Broker cannot lower their compensation under the Lender Paid Plan.

##### Borrower Paid:

1. The Broker will negotiate with the Borrower to determine the amount of compensation that will be paid; must be equal to or less than the LPC amount.
2. The premium credit given to the Borrower based on the interest rate selected **may not be used to pay the Broker compensation** but may be used for bona fide closing costs.
3. A Broker may give a credit to cover other closing costs under the Borrower paid compensation model.
4. The amount of compensation may vary on a loan-by-loan basis, but it must remain within Newfi's Fair and Responsible Lending parameters.

**Broker may change from LPC to BPC compensation plan if there is benefit to the Borrower.**