



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 Compensation plan cannot vary from one loan to the next.
Premium Pricing (over par pricing) can be used to pay toward the Borrower’s 3 rd party charges but cannot be credited toward any portion of the Broker’s compensation.	Any Premium Pricing (over par pricing) must be credited toward the Borrower’s 3 rd party charges or Newfi fees. This credit cannot exceed the total of the 3 rd party charges and Newfi fees. All third party fees must have an invoice.
Broker may reduce if needed for compliance reasons.	Broker cannot reduce their compensation on a transaction to correct violations.
Broker Compensation is included in the Initial LE.	Broker Compensation is not 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.
2. BPC can exceed LPC on all products as long as the loan is still within applicable points and fees thresholds, state and federal laws and restrictions, and Newfi’s fair and prudent lending standards.
3. Once BPC has been set/disclosed it cannot increase.
4. 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.
5. A Broker may give a credit to cover other closing costs under the Borrower paid compensation model.
6. 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.