

Quick Reference: Broker Compensation

COL's goal is to develop a regulatory compliant program that fairly and properly compensates our Brokers. COL 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. The Compensation Plan can vary from loan to loan.	COL & Broker agree upon the compensation, which could be a dollar amount, percentage or combination. The Compensation plan cannot vary from one loan to the next.
Premium Pricing (Lender Credit) can be used to pay toward Borrower’s 3rd party charges, but cannot be compensated towards any portion of the Broker’s compensation as a rebate.	Any Premium Pricing (over par pricing) must be credited toward the Borrower’s 3rd party charges or COL fees. This credit cannot exceed the total of the 3rd party charges and COL fees.
Broker may reduce if needed for compliance reasons.	Broker cannot reduce their compensation on a transaction to correct violations.
A processing fee is allowed to be charged by the Broker.	Broker is not allowed to charge a processing fee to the borrower.
Seller concessions can be applied to Borrower Paid Compensation.	Seller Contributions Seller concessions cannot be used to pay Lender Paid Compensation.

Key Notes

LENDER PAID:

- 1. The Broker receives compensation directly from the Lender at a pre-determined level that can be adjusted on a monthly basis.
- 2. The level of compensation paid by COL will remain constant for one month at a time.
- 3. Compensation will be consistent for all branches and determined by the main office.
- 4. Brokers will not be permitted to credit any portion of their compensation to the Borrower.
- 5. All third-party costs must be paid by the Borrower in cash, financed into the loan amount, or via a credit for premium pricing based on the interest rate chosen.
- 6. 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.
- 7. If using a contract processor with NMLS #, Broker is allowed to charge a processing fee that will be paid out at closing by escrow. Outsourced processing must be done by an independent third party, with no broker ownership.
- 8. The Broker cannot lower his/her 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. 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. Seller contribution can be utilized to pay negotiated Broker compensation.
- 5. The amount of compensation may vary on a loan-by-loan basis, but it must remain within COL's Fair and Responsible lending parameters.
- 6. Broker can reduce the amount of compensation.

Broker may change from one compensation plan to the other if benefit to Borrower.