

### Loan Originator Compensation Change Instructions

Regulation Z prohibits compensating Mortgage Loan Originators in an amount that is based on the terms or conditions of a transaction, except the amount of credit extended. However, it does permit decreasing a loan originator's compensation due to unforeseen increases in settlement costs. To start the request to change compensation structure the following steps should be taken by the Loan Originator:

1. Express the desire to change the compensation structure for a specific loan to the assigned Account Executive (AE) and Client Relations Representative (CRR).
2. Contact your CRR to complete the following 3 items:
  - a. A fully completed and executed LO Compensation Change Form. (Your CRR can help you with this form. Also, instructions are below.) **Please note:** any changes made to the document after borrower signature(s), will require the form to be re-sent for borrower(s) to re-sign. Reviewing the form for completeness with your CRR prior to sending for signatures is recommended.
  - b. An updated fee sheet.
  - c. Complete the Change of Circumstance request screen in the Mortgagebot system under Form and Docs.

**Please note:** Do not make compensation changes to the registration/lock. (*This will be done after change exception approval.*)
3. CRR will confirm that the changes requested are approved or not approved after submission to Redisclosure, Closing and/or Compliance as needed.
  - a. If the changes are approved, FLCBank will issue a new LE or CD as applicable. Borrower(s) and LO will receive the usual notifications from FLCBank and IDS.
  - b. If the changes are not approved, the AE/CRR will discuss the situation with the LO, Underwriting, or other necessary individuals or departments to assist in finding a solution that would fit the circumstances of that particular file.

**Please note:** This process is subject to redisclosure timing rules. The entire review, approval & disclosure process must be completed no later than the 3<sup>rd</sup> day from the oldest change event.



**How to Complete the Loan Originator Compensation Change Request form**

Loan Identification – complete as applicable

<b><u>Broker request to change compensation</u></b>	
Loan Number: _____	Borrower Name: _____
Loan Amount: _____	Borrower Name: _____

**LP Origination and Pricing** – This is the Origination and Pricing for this loan file, including any changes being requested, if the file was to be disclosed with LP Compensation. This information is on your Lock under Forms & Docs or can be calculated from that information.

Lock
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LP Compensation: Enter the LP Comp %, then your Flat Fee (if applicable) as a dollar amount and finally the Total LP Compensation as a dollar amount. (Total Comp = LP Comp \$ amount + Flat Fee)

Lock Pricing is the Net Price on your lock: **Net Price**

Pricing Percent is the percentage to or from the borrower calculated 100 minus the Lock Pricing. (Example: Discount Pricing 100- 99.25 = -0.75 Pricing percent, Premium Pricing 100 – 101.25 = +1.25 Pricing percent.)

Loan Discount or Premium Pricing: complete the applicable line with the dollar amount of the pricing: Pricing Percent \* Loan Amount.

<b><u>Origination &amp; Pricing for requested loan terms at Lender Paid Compensation</u></b>	
LP Compensation: (Percent, Flat Fee if applicable, and Total \$ Amount) _____ % \$ _____ \$ _____	
Lock Pricing: _____	Pricing Percent (discount/rebate): _____ %
Loan Discount (cost from): \$ _____	or Premium Pricing (rebate to): \$ _____

**BP Origination and Pricing** – This is the Origination and Pricing for this loan file, including any changes being requested, *if the file was to be disclosed with new/requested BP Compensation*. This information can be obtained by comparing the lock and rate sheet in MortgageBot under the rates dropdown.

BP Compensation: Enter the Percent and equivalent Dollar amount of the Origination fee you want added.

Lock Pricing is what the Net Price will be if the BP Comp change is approved.

Pricing Percent is the percentage to or from the borrower calculated 100 minus the Lock Pricing. (Example: Discount Pricing 100 – 99.25 = -0.75 Pricing percent, Premium Pricing 100 – 101.25 = +1.25 Pricing percent.)

Loan Discount or Premium Pricing: complete the applicable line with the dollar amount of the pricing: Pricing Percent \* Loan Amount.

<b><u>Origination &amp; Pricing for requested loan terms at Borrower Paid Compensation</u></b>	
BP Compensation: (Origination Fee: Percent & Total \$ Amount) _____ % \$ _____	
Lock Pricing: _____	Pricing Percent (discount/rebate): _____ %
Loan Discount (cost from): \$ _____	or Premium Pricing (rebate to): \$ _____

**Other Term Changes** – If you are changing any loan terms (i.e., interest rate, loan amount, etc.) at the same time as the request to change compensation structure, list all changes including the Change of Circumstance date and reason.

List any other loan term changes being requested at the same time:

**Other Fee Changes** – If you are making any changes to fees on the updated Fee Sheet, that is not explained by the Compensation change (Origination, Discount, Premium Pricing) or the loan term change section above, explain here including the Change of Circumstance date and reason.

Change of Circumstance reason for any fee changes not related to the Compensation or Term changes above:

**LO Signature** – LO to sign and date, electronic signature is permitted, eConsent tracking is required.

**Benefit Goals** – This is a list of potential benefits to the borrower/s. A change from LP to BP Comp must result in a benefit to the borrower. Check off all that apply. If Other, explain.

Select all that apply:

- Interest rate is more favorable.
- My/our monthly payment will be lower.
- Funds needed to Close is lower. (or) Receiving additional funds at closing.
- Broker Compensation is more favorable and pricing costs are lower.
- Other (explain below)

**Borrower(s) sign and date** – All borrowers to sign and date, electronic signature is permitted, eConsent tracking is required.