WINPRIME LENDING

New Loan Originator Compensation Policies

Summary	We are committed to keeping you well informed on the ne Truth in Lending Act (TILA) regulations released by the Federal Reserved. In this bulletin, you will find details on Lender-Paid Compensation (LPC) and Borrower-Paid Compensation (BPC) as implemented by WINPRIME LENDING (WPL).
Scope	WPL will apply these broker compensation policies and procedures to all closed-end residential mortgage loans.
Effective Dates	March 28, 2011 Lender-Paid compensation levels must be submitted.
	April 1, 2011 New loan applications are subject to the new compensation requirements.
	April 1, 2011 The new Federal TILA regulations are effective.
Overview	The Federal Reserve Bord (FRB) has announced an amendment to Regulation Z – Truth in Lending Act (TILA), regarding loan originator compensation. Effective for all new mortgage applications received by WPL on or after **April 1, 2011,** the mortgage originatormay receive compensation from either the Borrower or Lender, but not both. This rule regulates mortgage loan originator compensation and prohibits steering for all mortgage loan originators, in an effort to protect borrowers from unfair or abusive compensation practices.
Our Commitment to You	We understand the new regulations on loan originator compensation could have an impact on your business and our industry. Your successful navigation through any regulatory change is our team's top priority. Your account executive will work closely with you and assist you to comply with WPL policies. WINPRIME LENDING: ➢ Will allow changes to your loan originator compensation level every 30 days. ➢ Will allow your Borrower to pay WPL bona-fide discount points to lower their interest rate. ➢ Will allow you to have loan originator compensation up to 30%. Wholesalers Lending remains an integral part of our long-term mortgage lending strategy, and rest assured our commitment to you remains unchanged. WPL will continue to provide you with products and services you need to build your business.
Broker Compensation Plans	A Broker must maintain written compensation plans for its loan originator employees in compliance with applicable laws and regulations, including but not limited to, the new TILA rules and must certify to WPL its compliance with such requirements. WPL recommends the Broker consult with their legal counsel for TILA compliance advice. **WPL will not require the Broker to submit its compensation plans for its originator employees**.

Lender-Paid Compensation (LPC)	100% of the Broker's compensation must be paid by WINPRIME LENDING - The amount of WPL Lender-Paid compensation will be based on a percentage of the principal base loan amount, and will not vary from one loan transaction to another during a 30-day period. - The loan originator will receive its compensation from WPL only and not from any other party in the transaction. - The loan originator may not reduce its Lender-Paid compensation by offering concessions to the Borrower or to correct consumer disclosure (e.g. RESPA, GFE, or initial TIL) tolerance violations. - The loan originator may not pay third-party fees or other costs for the Borrower. Such fees and costs must be paid from the Borrower's own funds or the loan proceeds. - The Borrower may pay bona-fide discount points to WP to obtain a lower interest rate.
Borrower-Paid Compensation (BPC)	- Borrower-Paid compensation is determined by an agreement between the loan originator and the Borrower. - WPL will accept loans with Borrower-Paid compensation up to a maximum of 2.50% of the loan amount. - The amount of loan originator compensation charged to the Borrower may vary from one loan transaction to another. - The Borrower may use interest rate credits to fund third-party fees, but not loan originator compensation. - Since the loan originator receives no compensation from WPL, the Broker has the option to reduce its compensation to pay some or all the third-party fees or other Borrower loan expenses, offset consumer disclosure tolerance violations, or offer other pricing concessions. - The Borrower must pay the loan originator compensation from Borrower's own funds or the loan proceeds.
Selecting Your Compensation Type	- The loan originator must select and submit a WPL Lender-Paid compensation level prior to loan application. - If the loan originator fails to select and submit a compensation level, WPL will not be able to accept any loans from loan originator until the Lender-Paid compensation level is received by WPL. **The loan originator may select a compensation level between 0.125% and 2.50% on 0.125% increments.** **A loan originator may select a different compensation level every 30 days provided the loan originator has been in its current compensation level for a minimum of 30 days.** - A Broker must notify WPL in writing, of its intention to select a new WPL Lender-Paid compensation level within each month's election window. The election window for the next 30-days will be during the last 5 days of each month. **A loan originator is not required to change or reaffirm its compensation level every 30 days.** Unless WPL receives written notice of the LO's selection of a different compensation level will automatically renew at its current level for the next 30-day period. **Note:** The loan originator must ensure that the compensation level selected will not cause loans submitted to WPL to exceed applicable state of federal "high-cost", "higher- priced", or similar restricted loan thresholds.
Anti-Steering	Under the new rules, a loan originator is not allowed to direct or "steer" a borrower to a mortgage loan in which the loan originator will receive greater compensation from the lender (or creditor), unless the mortgage loan is in borrower's interest

Anti-Steering/Safe Harbor	It is important to understand that the mortgage broker must present loan options so as to avoid "steering" the borrower to a particular type of loan product to increase the broker compensation. The Final Rule provides a "safe-harbor' to the anti-steering provisions if the following is adhered to: • Borrower is presented with the loan options for each type of transaction in which the borrower has expressed an interest. • The loan options are obtained from at least 2 creditors whom you regularly do business with. • The loan options must include: o The loan with the lowest interest rate o The loan with the lowest interest rate without negative amortization, a prepayment penalty, interest only payments, ballon payment during the first 7 years. o The loan with the lowest cost of origination/discount points and fees. • Broker must believe in good faith that borrower likely qualifies for the options presented. Options from multiple lenders are not required if borrower only qualifies through one lender.
Anti-Steering/Safe Harbor Disclosure	To assist you in taking advantage of these safe harbor protections, WPL will require an Anti-Steering of Safe Harbor Disclosure for any transaction that the anti-steering rules apply. This disclosure will need the borrower's signature and acknowledgement to document the fact the borrowers were presented with the required loan options. We strongly encourage our broker clients to contact their LOS vendor as soon as possible to ensure they will have an Anti-Steering and Safe Harbor Disclosure forms and confirm when it will be available for use.

If you have any questions regarding these changes, please contact your Account Executive. For more information on the FRB's latest developments regarding the Final Rule, visit: http:www.federalreserve.gov/bankinfoeg/regzcg.htm