

Compliance Memo

Date: September 5th, 2013

Re: Broker Compensation Open Enrollment

On September 5th, 2013, Sierra Pacific Mortgage will allow wholesale loan brokers to modify their existing compensation plans with a companywide open enrollment.

- There is a flat fee option. If a broker elects to receive a flat fee in addition to the standard percentage of compensation **and** establishes minimum and maximum compensation amounts,
 - The flat fee will be added to any minimum comp level selected.
 - Maximum compensation will be inclusive of the flat fee, i.e. the broker will receive **only** the maximum compensation selected not the maximum amount plus the flat fee.
- Modified agreements must be received by Compliance no later than Friday, September 20th, 2013.
- The effective date will be October 1st, 2013 at 12:00:01 AM.
- For those brokers who do not have a new contract on file as of the midnight on September 30th, the old compensation agreement stands.
- An authorized signer for the broker must complete and execute a new agreement. Authorized signers are those which the company's resolution identified as having that authority. We do validate the signature as an authorized signer.

Please fax compensation agreements to the Broker e-fax/e-mail. If you have any questions, please contact Compliance.



Broker Agreement Addendum – Compensation Agreement

Effective Date: Loan applications taken on or after October 1st, 2013

Company Name: _____ (broker)

Company NMLS Number: _____ SPM Broker Code: _____

Company Street Address: _____

City: _____ State: _____ Zip Code: _____

Phone Number: _____ Fax Number: _____

Please provide a list of all branch offices approved by Sierra Pacific Mortgage and their current broker codes, address, city, state, zip and telephone numbers to allow us to validate and update the accuracy of our records.

This addendum is incorporated into and constitutes a part of the mortgage broker agreement contract between Broker and Sierra Pacific Mortgage Company, Inc., (sometimes doing business as 1st National Mortgage Services or Sierra Pacific Mortgage Services, Inc. (fn) hereinafter referred to as "Sierra":

LENDER PAID COMPENSATION:

Please enter the % of the loan amount, the flat fee or a combination of the two that will be used to calculate the origination fee the Broker will receive as compensation per loan on lender-paid transactions:

Broker acknowledges and agrees that all loans with lender paid compensation will be based on the following:

_____ % per loan as calculated on the total loan amount.

Flat Fee*: _____ \$ _____

Optional: Minimum Amount of \$ _____ and a maximum (cap) of \$ _____

*If a flat fee is elected, this amount will be added to any minimum compensation amount selected. Maximum cap compensation will include the flat fee (if selected).

All compensation paid will be subject to federal, state, agency(ies) or any regulatory predatory lending calculations and restrictions. Minimum and maximum amounts must be whole dollars only.



Broker Agreement Addendum – Compensation Agreement

Effective Date: Loan applications taken on or after October 1st, 2013

ANTI-STEERING AND SAFE HARBOR COMPLIANCE

Broker hereby represents, warrants and covenants that, with regard to each loan and loan file that Broker submits to Sierra: (i) Broker, and Broker's officers, employees and agents (together, "Representatives)) at all times have complied, and will continue to comply, with any and all Law (defined below), (ii) Broker and its Representatives have not, and will not, steer any borrower into consummating a transaction that is not in the borrower's best interest, or that results in the Broker or any other person receiving greater compensation other than expressly permitted under 12 C.F.R. §226.36, (iii) Broker has presented, and will present, to each borrower a written loan options disclosure fully satisfying the "Safe Harbor" requirements provided for in 12 C.F.R. §§ 226.36(e)(2) and 226.36(e)(3).

As used herein, the term "Law" means any and all applicable Federal, state and local laws, statutes, regulations, rules, orders, ordinances and requirements, each as amended from time to time, including (without limitation) the provisions governing compensation to loan originators under the Truth In Lending Act (15 U.S.C. §§ 1601 et. seq.) and Regulation Z (12 C.F.R. §§ 226.1 et.seq.), and the "Anti-Steering" and "Safe Harbor" provisions specifically provided for as 12 C.F.R. § 226.36(e).

Broker hereby acknowledges and represents that Broker has read the foregoing, understands it, is signing this document voluntarily, and understands that, in continuing to do business with Broker, and for each loan file the Broker submits, Sierra is relying on the representations, warranties and covenants provided for herein. No oral representations, statements or inducements apart from the foregoing written agreement have been made. The signatory below has been duly authorized to execute this Addendum for Broker as per the appropriate resolution, licensing or current broker agreement on file with Sierra.

Broker of Record / Authorized Signer

Date



Broker Compensation Questionnaire and Acknowledgement

Broker hereby acknowledges that Broker must comply with the loan originator compensation rules under 12 C.F.R. §226.36 (“Compensation Rules”) for all loan files received by Sierra Pacific Mortgage Company, Inc., (sometimes doing business as 1st National Lending Services or Sierra Pacific Mortgage Services, Inc. (fn)) hereinafter referred to as “Sierra”. Broker hereby acknowledges that the Compensation Rules apply to every loan APPLICATION RECEIVED BY SIERRA on or after APRIL 1, 2011.

By initialing below, Broker represents warrants and covenants, with respect to every loan file submitted to Sierra, as of the date of submission, and at all times thereafter, as provided below:

Plan Components	Initials
Any and all of Broker's compensation plans for its loan officers are fully compliant with the requirements of the Compensation Rules	
None of Broker's compensation agreements are based on any term or condition of any particular loan or transaction other than the loan amount, or any “proxy” for any term or condition of any loan or transaction, as such terms are used in the Compensation Rules, including by way of example but not limitation, LTV, existence or lack of a prepayment penalty, program type (FHA, VA, conventional), interest rate or APR, consumer's credit score, purchase vs. refinance, 1 st vs. 2 nd lien and similar items.	
For every loan where any compensation is paid directly by the consumer, as such phrase is used in the Compensation Rules, compensation to Broker's loan officers is based solely on a salary or hourly structure and no loan officer will be paid any commission in connection with that loan.	
For every loan where compensation is NOT paid directly by the consumer, as such phrase is used in the Compensation Rules; Sierra will pay solely on a fixed percentage of the loan amount, subject to any fixed minimum or maximum dollar limits established by Sierra in advance.	
For every loan where compensation is NOT paid directly by the consumer, as such phrase issued in the Compensation Rules, neither Broker nor any of its loan officers will receive compensation from any other person or entity in connection with that loan.	
Broker will include with every loan file submitted to Sierra, factual documentation of compliance with the safe harbor and anti-steering provisions of the Compensation Rules, including copies of an executed Loan Options Disclosure.	
Records of compensation policies and of the loan-level compensation paid to loan originators will be retained for a minimum of five (5) years or such longer period as may be required by law. At any time upon reasonable request, Broker will provide Sierra the ability to access and copy all such records for the purposes of determining compliance, or in the event of any claim, audit or examination.	