



Lender Paid Compensation (LPC) FAQs

Q. Does Brokers Advantage allow Lender Paid Compensation on all products?

A. Currently, LPC is only available on 2nd Liens.

Q. What is the advantage of Lender Paid Compensation vs Borrower Paid Compensation?

A. Less cash out of pocket for the borrowers.

- The interest rate (APR) is higher. Assistance will be available shortly through our Loan Pricer to help identify potential state specific high costs (i.e., CA) issues.

Q. Does the broker have to sign the Broker Compensation Addendum to be able to select Lender Paid Comp (LPC)?

A. Yes, the Broker Compensation Addendum must be signed by the broker and approved by our Broker Approval department.

- This Addendum is also located on our website Brokersadvantage.com under 'Resources'.

Q. What are the LPC options?

A. Currently we offer 1%, 1.25% and 1.5% Lender Paid Comp

Q. How often can a broker change their LPC comp plan?

A. We allow changes on the first day of each calendar quarter, but you must submit a new Broker Compensation Addendum with the change at least 10 days prior to the start of the new calendar quarter.

Q. How are LPC comp plans priced?

A. The broker will use the Pricer to determine the rate Options available for LPC and for BPC. Not all rates are available for both LPC and BPC options. It is important to submit a copy of the Pricer with your loan submission to support the Rate and pricing chosen by the borrower and which matches the terms of the loan application submitted. When the loan is locked on an LPC option, Vista Point locks the rate with the lender paid compensation included in the rate.

Q. Do we need the Anti-Steering Disclosure form?

A. Yes, it's a regulatory requirement on all LPC brokered loans.

- Please make sure this is complete, including signatures (borrower/broker) upon submission of an LPC loans.
- There is a fillable sample of the Anti-Steering Form on our website brokersadvantage.com under 'Resources'. Most origination systems broker's use also provide the Anti-Steering Disclosure form and they are free to use those provided it includes the required items.
- Instructions on how to complete are currently in draft form and will be available under 'resources' as well.

Q: Must all the Options provided on the Anti-Steering Disclosure be of Vista Point Mortgage loans?

A: No. As the broker, you are expected to consider and present options from multiple lenders with whom you do business. In the line for "You Are Applying for a Loan with the Following Terms", you must present the Vista Point Mortgage loan program for which the borrower is applying and is eligible on the date of the disclosure.

Q: Must all the Options presented be all Fixed or all Adjustable-rate loans?

A: Yes. Whichever choice is marked under Type of Transaction (Fixed Rate or Adjustable Rate), the Options must also all be that type of transaction. So, if Fixed Rate is marked, all the Options and the loan applied for must be Fixed Rate Options.



Q: For a loan closing on a lender paid compensation basis, what is the Early Pay Off (EPO) provision under the Broker Agreement?

A: The EPO provision is the same under LPC or BPC. If the loan pays off within 180 days of closing, the broker will be assessed an EPO fee.

Q: Once a loan application is submitted, can the broker's compensation basis be changed from LPC to BPC or vice versa?

A: In limited circumstances, Vista Point will permit a loan to be redisclosed to reflect a change from one compensation type to the other. This requires internal management approval.

Key thing to remember: By time of rate lock, the final compensation type must be selected and locked.

Switching from Lender Paid to Borrower Paid: This triggers a tolerance cure under Regulation Z *unless* there is a valid Change of Circumstance or requested by the borrower. This will be permitted provided the loan is not locked and the change can be reflected on a Locked Loan Estimate. The borrower paid compensation cannot be at a rate greater than the lender paid compensation initially selected for the transaction. A borrower letter of request is also required.

Switching from Borrower Paid to Lender Paid: Because brokers typically negotiate compensation with the consumer prior to submitting the loan to Vista Point, the possibility exists that the broker's borrower paid compensation will be less than the lender paid compensation for the same transaction. If this is the case, the broker would not be able to switch to lender paid compensation.