

## Did You Know?



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### Borrower vs. Lender Paid Broker Compensation

How-To Job Aid: [How to-Submit a Loan](#)

#### DID YOU KNOW?

To avoid inaccurate disclosure of Borrower vs. Lender Paid Broker Compensation, please refer to the following helpful tips and reminders.

**Borrower Paid Compensation** – means the borrower is responsible for paying the loan originators fee for service.

**Lender Paid Compensation** – means the lender will pay the loan originators fee for service. The fee for service is built in to the interest rate and pricing quoted.

[Explore this option when structuring a “no-cost” transaction.](#)

#### Broker Comp - Loan Estimate

- **Borrower Paid Compensation** is disclosed on the Loan Estimate. This can be disclosed as a flat dollar amount or a percentage of the loan amount.
- **Lender Paid Broker Compensation** is not disclosed on the Loan Estimate.
- **Yield Spread Premiums** are disclosed as a Lender Credit on page 2 of the Loan Estimate under Box J.

#### Broker Comp - Closing Disclosure

- **Borrower Paid Compensation** is disclosed on the Closing Disclosure and is displayed in the “Borrower-Paid” column.
- **Lender Paid Compensation** is disclosed on the Closing Disclosure and is displayed in the “Paid by Others” column.

#### TPO Connect - Important Broker Comp fields

There are three fields that you should pay extremely close attention to when registering and/or locking loans within TPO Connect.

1. On the **Product Pricing & Lock** search screen, the **LO Compensation Paid By** field always defaults to ‘Borrower’. If you are structuring a Lender Paid Broker Compensation transaction, you will need to change this to ‘Lender’.

• LO Compensation Paid By  
Borrower

2. On the **Search Product & Pricing** screen, the **LENDER PAID COMPENSATION** field always defaults to ‘No (Buyer Paid)’. Changing field #1 above to Lender will automatically update field #2 to ‘Yes (Lender Paid)’, as shown below.

Pricing Options  
• LENDER PAID COMPENSATION?  
Yes (Lender Paid)

3. Underwriting Fee Buyout option allows you to price the loan and include our Administration Fee (aka Underwriting Fee) as a pricing adjustment. If you have not disclosed our Admin Fee on your Loan Estimate, you would always want to make sure this is set to ‘Yes’.

• Underwriting Fee Buyout  
No

#### Helpful tip:

**Borrower Paid Compensation** option, there is no need to associate a LO Comp Plan to the loan. Leave the **LO Compensation Paid By** field as defaulted, ‘Borrower’.

**Lender Paid Broker Compensation** option – you must associate the LO Comp Plan to the loan. To make the association, you must choose ‘Lender’ in the **LO Compensation Paid By** field.

If you need additional training on Borrower vs. Lender Paid Broker Compensation, please contact your Account Executive or Client Relations Representative.