

CONSUMER PURPOSE BROKER COMPENSATION ADDENDUM TO COMBINED CONSUMER AND BUSINESS PURPOSE BROKER AGREEMENT

THIS Consumer Purpose Broker Compensation Addendum to Combined Consumer and Business Purpose Broker Agreement ("Consumer Purpose Addendum") is entered into as of this [__] day of [__], 20[__], by and between Citadel Servicing Corporation d/b/a Acra Lending and its affiliates and subsidiaries ("Acra") and [_____] ("Broker"). This Addendum supplements Article I. of the Combined Consumer and Business Purpose Broker Agreement ("Agreement") entered into by and between Acra and Broker. Hereafter when read together, the Agreement and the Addendum, if applicable, shall constitute one integrated document. Unless otherwise defined herein, the capitalized terms used herein shall have the meanings set forth in Article I. of the Agreement.

WHEREAS, Article I. of the Agreement describes the compensation to be received by Broker and additional representations and warranties from the Broker to Acra with respect to consumer purpose loans;

WHEREAS, Acra and Broker have agreed upon the terms to be included in this Addendum as in the best interests of the parties.

NOW THEREFORE, in consideration of the mutual undertakings and covenants set forth in this Addendum, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

- a) If completed and returned, this Addendum restates and supersedes any and all prior Consumer Purpose Addendum to the Agreement between the parties.
- b) Acra and Broker agree that this Consumer Purpose Broker Compensation Addendum will be effective for all consumer purpose mortgage loans registered and assigned an Acra loan number on or after the date of this Addendum. Acra and Broker agree that the compensation levels specified below shall be effective unless and until amended. Any change to this Consumer Purpose Broker Compensation Addendum will be effective immediately and will remain in effect until changed.
- c) Acra and Broker agree that the compensation provisions of the Agreement will be supplemented as follows:

- i. Compensation paid by the Borrower:

"Borrower-Paid Compensation" is compensation paid by the borrower to Broker from the borrower's own funds. When Broker, for a given Loan Application, selects Borrower-Paid Compensation, the Borrower-Paid Compensation is directly negotiated between Broker and borrower and is agreed to prior to submitting the Mortgage File documents to Acra. Acra will not be responsible nor a party to any Broker negotiations with borrowers in a Borrower-Paid Compensation transaction. **FOR LOAN APPLICATIONS WHERE BROKER HAS SELECTED BORROWER-PAID COMPENSATION, BROKER MAY NOT RECEIVE ANY COMPENSATION DIRECTLY OR INDIRECTLY FROM ANY OTHER PARTY OR ENTITY TO THE TRANSACTION, OR OUTSIDE OF THE TRANSACTION, INCLUDING FROM ACRA.**

ii. Compensation paid by Acra:

“Lender-Paid Compensation” is compensation paid by Acra to Broker. When Broker, for a given Loan Application, selects Lender-Paid Compensation, upon the funding of a mortgage loan resulting from the application, Acra will pay to Broker the product of (i) the Lender- Paid Compensation rate (the “Tier”) and (ii) the funded principal amount of the mortgage loan. Broker acknowledges that, if so selected, a Lender-Paid Compensation Tier cannot vary a loan- by-loan basis. The Lender-Paid Compensation Tier must be all inclusive of Broker fees, including, but not limited to origination, processing, application, administration, etc. FOR LOAN APPLICATIONS WHERE BROKER HAS SELECTED LENDER-PAID COMPENSATION, BROKER MAY NOT RECEIVE ANY COMPENSATION FROM THE BORROWER OR ANY OTHER PARTY, PERSON OR ENTITY TO THE TRANSACTION, OR OUTSIDE OF THE TRANSACTION. BROKER CERTIFIES THAT WHEN COMPENSATION IS PAID BY ACRA SUCH AMOUNT IS AND WILL BE BROKER'S SOLE SOURCE OF RENUMERATION. For Loan Applications where Broker has selected Lender-Paid Compensation, Broker agrees that Broker cannot offer credits towards third party closing costs.

Broker shall select one of the following Lender-Paid Compensation Tiers:

- | | | | |
|--------------------------------------|---------------------------------------|--------------------------------------|---------------------------------------|
| <input type="checkbox"/> Tier: 0.25% | <input type="checkbox"/> Tier: 0.50 % | <input type="checkbox"/> Tier: 0.75% | <input type="checkbox"/> Tier: 1.00% |
| <input type="checkbox"/> Tier: 1.25% | <input type="checkbox"/> Tier: 1.50% | <input type="checkbox"/> Tier: 1.75% | <input type="checkbox"/> Tier: 2.00 % |
| <input type="checkbox"/> Tier: 2.25% | <input type="checkbox"/> Tier: 2.50% | <input type="checkbox"/> Tier: 2.75% | <input type="checkbox"/> Tier: 3.00% |

The Lender-Paid Compensation Tier selected for a Loan Application by Broker may not be changed for any reason while that submitted Loan Application is being processed. After a Loan Application is processed, Broker may request a change to its effective Lender-Paid Compensation Tier infrequently, on no more than a 60-day basis. The request for a change to the Lender-Paid Compensation Tier is subject to approval by Acra. If Acra agrees to a change to the Lender-Paid Compensation Tier as requested by Broker, then Acra will issue an amendment hereto (an “Update Form”) which will become effective the first Business Day following the Business Day Acra receives a Broker-executed Update Form indicating Broker’s newly elected Lender-Paid Compensation Tier.

iii. Permitted Decreases in Compensation:

In accordance with Regulation Z, Lender may reduce Broker’s Borrower-Paid or Lender-Paid compensation to defray the cost, in whole or part, of an unforeseen increase in an actual settlement cost over an estimated settlement cost disclosed to the consumer under section 5(c) of Real Estate Settlement Procedures Act (“RESPA”) or an unforeseen actual settlement cost not disclosed to the consumer under section 5(c) of RESPA.

iv. Rebate for Lender-Paid Compensation:

- a. **For all Lender-Paid Compensation Tiers:** If a loan is paid in full during the first one hundred and eighty (180) days following its funding date, then Broker shall pay to Acra all Lender-Paid Compensation that was paid to Broker by Acra with

regard to such mortgage loan, if any. A payment due from Broker, in accordance with this paragraph, shall be paid to Acra by Broker not later than ten (10) days following Acra's notice to Broker that such payment is owing.

- b. **Loan Delinquency:** If one or more of the first four (4) payments due on a mortgage loan is paid by the borrower more than sixty (60) calendar days after the date on which such payment was due, then Broker shall pay to Acra all the Lender-Paid Compensation that was paid to Broker by Acra with regard to such mortgage loan, if any. A payment due from Broker, in accordance with this paragraph, shall be paid to Acra by Broker not later than ten (10) days following Acra's notice to Broker that such payment is owing.
- c. **Right of Setoff:** Acra and its successors and assigns shall be entitled to set off against any amount to be paid by it to the Broker under this Agreement for such amounts as may be due from the Broker under this Agreement. Acra is hereby authorized, at any time and without presentment, demand, protest or other notice of any kind to Broker or to any other person, any such notice being expressly waived, to set off from any amounts due Broker from Acra, any and all amounts due Acra from Broker. This remedy is in addition to any other remedy Acra may have at law or equity.
- v. **Additional Terms:**
 - a. Broker may elect, on a loan-by-loan basis, to receive either Borrower-Paid Compensation or Lender-Paid Compensation. Once Broker selects either Borrower-Paid Compensation or Lender-Paid Compensation for a Loan Application, Broker may not thereafter change its selection.
 - b. The Broker acknowledges that when Lender-Paid Compensation is paid by Acra, such amount is and will be Broker's sole source of compensation. Broker will not charge the borrower(s) any additional fees, or accept any compensation in any form, at any time, from any party other than Acra.
 - c. Broker further agrees that, for a particular Loan Application, the aggregate of any and all Broker compensation will not exceed any threshold that would cause the mortgage loan to be deemed a "high cost" loan, a "threshold" loan, or a designation of similar import under applicable law.
 - d. Broker agrees that under no circumstance may Broker receive compensation from both the borrower and a party other than the borrower (including Acra) for the same mortgage loan (i.e., no dual compensation is permitted).
 - e. Broker agrees that under no circumstance will Broker be entitled to receive compensation in excess of the reasonable value of the goods, services, or facilities provided.
 - f. Broker shall be solely responsible for the payment of compensation to its MLOs. Broker agrees that all compensation paid by Broker to Broker's MLOs will conform with all legal and regulatory requirements including, as applicable, the Truth in Lending Act, Regulation Z, and the Official Staff Commentary of the CFPB.

- g. With the submission of this Addendum and no later than ninety (90) days after the end of Broker's fiscal year, Broker shall deliver to Acra copies of statements of Broker's financial condition, which shall include (i) Broker's most recent company financial statement, including Balance Sheet and Profit & Loss statement, showing a minimum tangible net worth of \$50,000 and (ii) in the event Broker provides a Personal Guaranty, the financial statement of the Guarantor set forth in Exhibit B. Statements of financial condition shall be audited statements if such are obtained in the normal course of business. Broker hereby represents and warrants to Acra that such statements fairly present the pertinent results of operations and changes in financial position for each of such periods, and the financial position at the end of each such period of the Broker (and its subsidiaries) or the Guarantor, as applicable. Upon Acra's request, Broker shall provide additional information about its financial condition to Acra in accordance with a request therefore from Acra.

[remainder of page intentionally left blank; signature page immediately follows]



By signing below, Broker certifies that:

- a) Broker understands and agrees to this Addendum to the Agreement.
- b) Broker understands and agrees that any payment of the compensation contemplated by this Addendum must be properly disclosed in accordance with applicable legal and regulatory requirements.
- c) Broker understands and agrees that this Addendum to the Agreement impacts all consumer purpose loans submitted to Acra Lending from all of Broker's office locations.

Please Choose:

- ☐ Broker has included the most recent company financial statement, including Balance Sheet and Profit & Loss statement, showing a minimum tangible net worth of \$50,000;
Or
- ☐ Broker would like to give Acra a Personal Guaranty attached hereto as Exhibit A and as described in the Agreement and will be providing a personal financial statement attached hereto as Exhibit B.

*****PLEASE EMAIL THIS COMPLETED FORM TO: brokers@acralending.com*****

IN WITNESS WHEREOF, the parties have caused this Addendum to be executed by their duly authorized representative who, by signing below, represent and certify as having the authority to bind the respective party to this Addendum.

Broker

**Citadel Servicing Corporation
(d/b/a Acra Lending)**

By: _____

By: _____

Typed Name: _____

Typed Name: _____

Title: _____

Title: _____

Date: _____

Date: _____