

## TMS Funding Compensation Plan FAQ's



As of 4/1/2011 all originators will be subject to the new Reg Z compensation rules for loans received after 3/31/11. This FAQ is intended to answer the most frequently asked questions. Please contact your TMS Funding AE for further clarification.

	Lender-Paid Option	Consumer-Paid Option
<b>Can an origination fee be charged under the Consumer-Paid option exceed our Lender-Paid compensation election?</b>	Yes	
<b>Can we change our Compensation Plan?</b>	Yes, periodically initially, monthly thereafter	N/A
<b>What are your Lender-Paid election options? (%)</b>	<ul style="list-style-type: none"> <li>• 10 Choices from 0.75 – 3.00 (0.25pt increments)</li> <li>• Floor: \$500.00</li> <li>• Ceiling: \$22,500.00</li> </ul>	N/A
<b>Are we permitted to collect legitimate Third-Party processing fees?</b>	3 <sup>rd</sup> party yes, no direct broker fees	Yes
<b>Under the new Reg Z guidelines, premium may be applied to which of the borrower's fees?</b>	<ul style="list-style-type: none"> <li>• Third-party closing costs</li> <li>• Prepays and Escrows</li> <li>• TMS Funding Admin Fee</li> </ul>	<ul style="list-style-type: none"> <li>• Third-party closing costs</li> <li>• Prepays and Escrows</li> <li>• TMS Funding Admin Fee</li> </ul>
<b>Seller Concessions may be used for:</b>	<ul style="list-style-type: none"> <li>• Pay Borrower's third-party closing costs</li> <li>• Pay Borrower's prepays and escrows</li> <li>• Buy down the Note rate</li> </ul>	<ul style="list-style-type: none"> <li>• Pay Borrower's third-party closing costs</li> <li>• Pay Borrower's prepays and escrows</li> <li>• Pay all of Broker's origination fee</li> <li>• Buy down the Note rate</li> </ul>
<b>During the loan process, may we convert the compensation option?</b>	Lender-Paid to Consumer-Paid is allowed	Consumer-Paid to Lender-Paid is allowed
<b>Under the Lender-Paid option, it appears that a Broker Cure will no longer be possible in the event a Settlement Charge ultimately exceeds the amount disclosed on the GFE- beyond the permitted tolerance. Do you agree and what is your solution?</b>	Where RESPA- related errors don't involve terms or conditions of the loan, the broker will be responsible for curing such error.	N/A
<b>Under Lender-Paid option, will our broker compensation be included in box 1 of the GFE?</b>	Yes, and will also be reflected as a <i>credit</i> in Box 2	N/A
<b>Can we pay or give credit to the borrower?</b>	Brokers are NOT ALLOWED to reduce their compensation to cover any of the borrower costs.	Broker may pay or give credit from their compensation to cover borrower costs.
<b>Does TMS Funding have to approve our Loan Officer Compensation Plans?</b>	Loan officer compensation must comply with the requirements of the regulation, and will not be monitored by TMS Funding.	