

## BROKER COMPENSATION SELECTION FORM

In compliance with Regulation Z, 12 CFR Part 226.36 the Federal Reserve Board under Consumer Financial Protection Bureau issued a final rule as part of the Truth in Lending Act. Arc Home designed a compensation plan to protect consumers and preserve responsible lending.

You will be compensated by either the borrower(s) or Arc Home, but not both. For every Loan transaction (as defined in the Broker Agreement), you will choose a source of broker compensation as follows:

1) **Borrower Paid Compensation (BPC)**

BPC is compensation paid by the borrower to the Broker from the borrower's own funds or loan proceeds. BPC is negotiated directly with the borrower and may vary on each individual loan transaction. By choosing to be paid directly from the borrower, the broker may not receive any compensation directly or indirectly from any other party or entity, inside or outside of the transaction, including the lender (Arc Home). The Broker acknowledges and agrees that Broker shall not accept any BPC in excess of the LPC selection in the related channel herein. Broker understands and agrees that for Home Equity Lines of Credit, Broker can only choose LPC as the sole source of broker compensation.

2) **Lender Paid Compensation (LPC)**

LPC is compensation paid by the lender (Arc Home) to the Broker. The Broker must select a LPC plan below. Arc Home will permit Broker quarterly changes (i.e. 90 calendar days following the previous change) to their LPC selection. All requested changes shall become effective seven (7) calendar days following the date of such request. LPC changes will take effect for all loans locked (pursuant to the Arc Home Guidelines) after the change effective date. By choosing LPC, the Broker may not receive any compensation from the borrower or any other party or entity, inside or outside of the transaction.

Arc Home is only responsible for LPC compensation to the Broker if the Loan closes and funds accordingly. Arc Home reserves the right to modify compensation plans according to market factors or changes to state or federal law. Brokers may not tie their loan originator compensation to any of the terms of the transaction or interest rate to the borrower.

The Broker may not steer a Loan that is not in the borrower's best interest. The Broker must have a fully executed Broker Agreement along with an executed Broker Compensation Selection Form describing the compensation plan on the Loan and obtain an Anti-Steering Disclosure which shows the following options:

The Loan with the lowest interest rate

The Loan with the lowest points and fees

The Loan with lowest interest rate without risky features like negative amortization, prepayment penalty, balloon payment, etc.

The following Lender Paid Compensation will be paid to the Broker by Arc Home for each Loan that closes and funds in the applicable channel (please fill in every space or mark N/A if no Loans will be submitted through a particular channel):

**A) Consumer Purpose Loans & Business Purpose Loans**

- i. The LPC will be set at \_\_\_\_% (.50 through 2.75% in increments of .125)
  - i. The maximum LPC percentage shall be 2.75%
- ii. The minimum LPC will be \$ \_\_\_\_\_
- iii. The maximum LPC will be \$ \_\_\_\_\_

**B) Home Equity Lines of Credit**

- i. The LPC will be set at 2% (calculated based on the total line size of the Home Equity Line of Credit)
  - i. Notwithstanding the above LPC, the above LPC percentage shall be reduced to the extent necessary or advisable, in Arc Home's sole discretion, to comply with applicable state or federal laws including but not limited to laws relating to high cost and usury limitations.
  - ii. Arc Home will pay Broker the following LPC (calculated based on the total line size of the Home Equity Line of Credit) for each corresponding state:
    - 1. Hawaii. LPC will be set at 1%
    - 2. Missouri. LPC will be set at 0%
    - 3. Tennessee. LPC will be set at 0%
    - 4. Vermont. LPC will be set at 0%

**IN WITNESS WHEREOF**, the parties have caused this Broker Compensation Selection Form to be executed under seal by their duly authorized representatives effective as of the date written below.

**BROKER:** \_\_\_\_\_

**SIGNATURE** \_\_\_\_\_

**PRINT NAME** \_\_\_\_\_

**TITLE** \_\_\_\_\_

**DATE** \_\_\_\_\_

**ARC HOME LLC**

**SIGNATURE** \_\_\_\_\_

**PRINT NAME** \_\_\_\_\_

**TITLE** \_\_\_\_\_

**DATE** \_\_\_\_\_