



Third-Party Processing Fees Policy

Applicable to: All Loan Types

Defined: Processing fees paid to a bona-fide third-party processing company will be excluded from the Quality Mortgage (QM) points and fees test and will not be considered originator compensation so long as the following requirements are met:

- **Third-party Processing Company:**
 - The processing company is not affiliated with the Broker Company (i.e., cannot show as a “authorized to represent” for the Broker on the NMLS)
 - The processing company is properly licensed and registered with the NMLS, if required by the state, to perform processing services in the state where the subject property is located.
 - The processing company provides processing services only in the states in which they hold an active license.
- **Third-party Processor:**
 - The independent processor is an employee of a licensed Processing Company or an independent processor registered with the NMLS, if required by the state, to perform processing services in the state where the subject property is located.
 - The processor provides processing services only in the states in which they hold an active license.
 - The processor is not affiliated with the Broker Company
 - The processor is not shown as a “authorized to represent” for the Broker on the NMLS (see below for exception policy/process)
- **Both:**
 - State Statue does not prohibit charging a consumer a contract processing fee in addition to origination fee(s)
 - The third-party processing fee is properly disclosed in Section B/Services the Borrower Did Not Shop For, on the Loan Estimate and is not paid to either Royal Pacific Funding (creditor) or the loan originator (Broker).
 - **Note:** if the fee is paid to either Royal Pacific Funding (creditor) or loan originator (broker), the fee does not qualify as a bona-fide third-party processing fee and must be disclosed in Section A/Origination Fee.

The third-party processing fee is bona fide and reasonable.

- A copy of the invoice is retained in the loan file and matches the charge on the Loan Estimate.
- **Exception Policy/Process**
 - Occasionally the processor may be listed as “authorized to represent” for the Broker Company on the NMLS. When this occurs, and is due to the processor being licensed as an LO for the Broker, and also licensed as processor (either for a processing company or as an independent), further validation is required:
 - Processor provides written explanation as to the current relationship with the broker company; and
 - Processor certifies on an affidavit that they will not perform contract processing services and also be the licensed Loan Officer for the same loan transaction.

Broker Affiliated Processing Fees can also be itemized on transactions closing with Borrower-Paid Compensation so long as the fee is included in the QM Points & Fees calculation.

Processing Fee Types and Requirements Chart

Options	3rd Party Contract Processor	Broker Affiliated or Broker Employed Processor	W2 Employee of 3rd Party Contract Processing Company	Fee Paid Outside of Closing with Broker own Funds
Employed By the Broker?	No	Yes	No	Employee and 3rd Party Contract Processor allowed
Compensation Types Allowed	LPC, LPC + Flat & BPC	BPC Only	LPC, LPC + Flat & BPC	LPC, LPC + Flat & BPC
NMLS License Required for Processor in the subject property state?	Yes	No	Yes, for Contract Processing Company	No
Processing Invoice Required?	Yes	No	Yes	No
Loan Estimate Standardized Fee Name	3rd Party Contract Processing Fee	Affiliated Processing Fee	3rd Party Contract Processing Fee	Broker Pays Outside of Closing
Paid To On Closing Disclosure	3rd Party Contract Processing Business Name on Invoice	Broker Name	3rd Party Contract Processing Business Name on Invoice	N/A
Fee Included in QM?	No	Yes	No	No