MEGA CAPITAL FUNDING, INC.

THIRD-PARTY PROCESSING FEE POLICY

Overview

Third-party processing fees are disclosed in Block B of the Loan Estimate (LE) and Closing Disclosure (CD). They are not allowed to vary after initial disclosure (the exception being a valid change of circumstance). The SAFE Act requires third-party processors to be licensed through the NMLS. Recently, there have been questions as to what are allowable practices for charging third-party processing fees, so below is an outline of the rules the Company is applying.

Allowable Third-party Processing Charges

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 must be properly licensed and registered with the NMLS to perform processing services, if required by the state where the subject property is located.
- ❖ If the state where the subject property is located, does not require the processing company to be licensed and registered, only the individual contract processor must be properly licensed and registered with the NMLS to perform processing services
- ❖ The processing company provides processing services only in the states in which they hold an active license.

Third Party Processor (individual):
- ❖ The independent processor is an employee of a licensed Processing Company or an independent processor with their own NMLS number.
- ❖ 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

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

A copy of the invoice must be retained in the loan file and the fee amount matches the amount on the Loan Estimate and Closing Disclosure payable only to either the duly licensed processing company or individual charging the fee.

Processing fee cannot exceed $2,000