

INDEPENDENT CONTRACT LOAN ORIGINATOR COMPENSATION AGREEMENT

This Compensation Agreement is made on _____(date) by and between _____(Loan Originator), a NMLS licensed independent contractor and Innovative Mortgage Services, Inc. ("Company"), a Florida licensed lender.

Relationship: Loan originator shall operate as and be compensated as an **INDEPENDENT CONTRACTOR** and will be issued a 1099 at the conclusion of each year. Loan originator is responsible for filing and paying ALL federal, state and local applicable taxes and obligations including but not limited to: individual and matching Social Security and Medicare taxes, federal withholding tax, federal unemployment tax, state unemployment tax, state income tax (if applicable) and any and all other federal, state and local applicable taxes. Loan originator's signature below signifies recognition and acceptance of their responsibility to file and pay any and all federal, state and local taxes and self-employment tax liabilities in addition to originator licensing fees. Failure of originator to pay applicable taxes could result in federal, state and local fines, penalties, levies, garnishments and judgments. Originator is responsible for tracking, monitoring, and claiming any and all expenses that are deemed to qualify as legitimate business expenses pursuant to IRS, state and local guidelines. *(As a self-employed individual, generally speaking, you are required to file an annual return and pay estimated tax quarterly. Self-employed individuals generally must pay self-employment tax (SE tax) as well as income tax. SE tax includes Social Security and Medicare tax primarily for individuals who work for themselves. It is similar to the Social Security and Medicare taxes withheld from the pay of most wage earners in an employee-employer relationship. Since the relationship you are entering into is not an employee-employer relationship, you are directly responsible for remitting payment of any and all SE taxes. In general, anytime the wording "self-employment tax" is used, it only refers to Social Security and Medicare taxes and not any other tax (like income tax). Consult with a CPA or tax professional where necessary.)*

Compensation Structure: You shall receive compensation on closed and funded loan originations in the amounts set forth below, subject to your compliance with state and federal laws and the Innovative Mortgage Services, Inc. "Compliance Guide." Closed transactions resulting from fraudulent origination or negligent origination practices, early payoffs or early payment defaults subject to wholesale lender or investor recapture, or failure to collect the minimum quarterly compensation election will result in forfeiture/recapture of total compensation.

Innovative Transaction Fee: Loan originator agrees to originate loans as a member of the following team _____. Loan originator will be compensated _____% of the following amount: loan amount multiplied by team member elected compensation, minus \$495.

Compensation Election: Loan originator must elect his or her compensation each quarter. Originator may elect a combination of a fixed percentage, fixed dollar addition or deduction, a floor and a ceiling. The elected compensation applies to all transactions originated (date application executed) during the applicable quarter, regardless of when they close. Innovative may impose a default elected compensation in the amount of 1% in the absence of a validly registered compensation election. Loan originator must collect enough revenue per transaction to equal their elected compensation or forfeit their compensation altogether. Compensation exceptions are permissible where they are a legitimate benefit to the borrower, unrelated to compensation and are approved in writing in advance by Innovative management. Innovative will deduct the applicable transaction fee from the elected compensation applicable to each closed and funded transaction.

Compensation Eligibility: To be eligible for compensation loan originator must fully comply with RESPA, TILA, TRID, HOEPA, the Fair Housing Act, and ECOA. Additionally, originator must comply with all state and federal regulations as they apply to residential mortgages. Innovative conducts a quality control review on ALL closed loans and randomly completes top to bottom file audits. **Originator will not be compensated for any closed and funded transactions for which originator failed to follow acceptable professional and**

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industry standards, for any loans that fail a quality control review/audit or for any loans found to contain fraud or misrepresentation. Innovative reports loan fraud to federal, state and local authorities and will prosecute offenders to the fullest extent of the law. Innovative Mortgage will clawback compensation where ill-gotten, early payoffs, and payment default recaptures arise. Innovative retains the right and option to immediately clawback via ACH direct debit or to use the right of setoff against future or contemporaneous compensation.

Compensation Period: Closed and funded wholesale (**broker**) transactions, that satisfy compensation eligibility, will be considered “**complete**” and subject to compensation disbursement upon the company’s receipt of the funds, the title documents and the entire digitally stored file. **Complete** transactions will be compensated within 10-business days or sooner. The closed loan file is to be uploaded directly to Innovative’s designated cloud location by the company approved contract processor. **Loan originator is prohibited from delivering or accepting funds on behalf of the company. Failure to abide by this policy may result in compensation forfeiture.** Notwithstanding hereto, upon receipt of a **complete** broker transaction company will make best efforts to complete a quality control and compliance review within 2-3 business days in order to disburse compensation to the loan originator immediately thereafter. Compensation for **correspondent** transactions will be disbursed within 2-3 business days after funding. Originator will be compensated via ACH deposit. ACH deposits that are returned/dishonored by loan originator’s specified financial institution are subject to a \$10 Administrative Handling Fee. ACH payments automatically post to originator’s account within one business day of authorization.

Team Splits: You shall be compensated a split for any jointly originated and closed transactions, pursuant to the *Compensation Split Agreement*. Team Splits are compensated as and reported on a 1099 federal income tax form as identified in the above “Relationship” clause.

Loan Processing: All loans are to be processed by a company approved contract processor. Originator is strictly prohibited from ordering/requesting/receiving loan verifications. Processors shall directly send, receive, and validate any and all loan verifications. Failure to follow these policies may result in forfeiture of compensation on closed and funded transactions.

Expenses: Expenses include but are not limited to the company transaction fee, correspondent admin. fee, processing fees, credit report fees, courier and delivery fees, automated underwriting fees, software and website expenses, and any other expenses not paid from the proceeds of a closed and funded loan transaction. Loan expenses also include those paid by Innovative Mortgage Services, Inc. on behalf of the Independent Contract Loan Originator. All business related expenses shall be the responsibility of the loan originator. Loan originator is responsible for supplying their work space, hardware, software, professional tools, equipment, materials and supplies, and all other business related expenses as necessary. Loan originator may originate loans ‘virtually’ utilizing technology including email, internet, telephone/VOIP, courier and fax as necessary. Due to state and federal compliance regulations, originator must subscribe to a compliant origination software and may elect to use the company’s origination platform at a group discount. Originator is also responsible for business related expenses such as credit reports, automated underwriting, and verifications. Company does not insure originator to travel. State and federal laws and regulations prohibit originator from meeting prospective clients and borrowers at any location other than a company licensed location or public location (i.e. public library, restaurant or coffee shop). Innovative does not require independent contract originator to travel, set a work schedule, or to set or achieve any production and or sales goals. Originator is free to determine the means and manner necessary to accomplish their desired levels of productivity. Independent contractor is responsible for maintaining all necessary and proper insurance coverage for their desired *modus operandi*.

From time to time company may provide originator with services in exchange for payment such as, but not limited to, origination software, marketing tools, and expedited compensation. Payment is due immediately at such time that services are rendered. Payments rendered for such services, including monthly dues and origination software, are non-refundable. Furthermore, pro-rata payments rendered for such services are also non-refundable. The loan originator will not receive any pro-rata refund of any dues or fees paid to the company for services.

YOU ACKNOWLEDGE THAT YOUR RELATIONSHIP WITH THE COMPANY IS AS AN INDEPENDENT CONTRACTOR, TO ORIGINATE LOANS TO A MULTITUDE OF WHOLESALE LENDERS AND/OR CORRESPONDENT INVESTORS OF YOUR CHOOSING, AND IS SUBJECT TO THE COMPANY'S COMPLIANCE, QUALITY CONTROL AND PROCESSES GUIDE, WHICH YOU ACKNOWLEDGE YOU HAVE RECEIVED, READ AND UNDERSTAND. IT IS EXPRESSLY ACKNOWLEDGED BY BOTH PARTIES THAT THE SOLE PURPOSE OF THIS DOCUMENT IS TO SET FORTH THE COMPENSATION TERMS OF YOUR INDEPENDENT CONTRACTOR AFFILIATION WITH COMPANY. PER FEDERAL AND STATE REQUIREMENTS, YOU MUST NOTIFY THE COMPANY IN WRITING PRIOR TO TERMINATING YOUR AFFILIATION WITH INNOVATIVE AND MOVING YOUR LICENSE TO ANOTHER LENDER. LOAN ORIGINATOR MAY ALSO TRANSFER ANY EXISTING LOANS TO A NEW LENDER/BROKER WITH ADVANCE WRITTEN APPROVAL OF THE BORROWER(S). AT SUCH TIME, LOAN ORIGINATOR WILL BE COMPENSATED FOR ANY LOANS THAT SUBSEQUENTLY CLOSE WITH THE COMPANY SO LONG AS THEY MEET THE TERMS STIPULATED HEREIN. ORIGINATOR IS RESPONSIBLE FOR COMPREHENDING, KNOWING, AND OPERATING IN COMPLIANCE WITH ALL STATE AND FEDERAL MORTGAGE FINANCE LAWS. ORIGINATOR AFFILIATION IS ON A PER TRANSACTION BASIS AND COMPANY MAY REVOKE THE AFFILIATION IN THE EVENT ORIGINATOR VIOLATES ANY FEDERAL OR STATE RESIDENTIAL LOAN ORIGINATION LAWS AND REGULATIONS OR FAILS TO MAINTAIN COMMON INDUSTRY STANDARDS OF PROFESSIONALISM AS OUTLINED BY THE NATIONAL ASSOCIATION OF MORTGAGE BROKERS AND RESPECTIVE STATE MORTGAGE PROFESSIONAL ASSOCIATIONS.

Entire Agreement: This Agreement and any other agreement, document or instrument attached hereto or referred to herein, contain the entire Agreement between the parties and supersede all prior agreements and understandings with respect to the subject matter hereof. In the event of any conflict between the terms, conditions and provisions of this and any such agreement, document or instrument, the terms conditions and provisions of this Agreement shall prevail.

Severability: The laws of the State of Florida shall govern the interpretation, the validity, performance and enforcement of this Agreement. In the event any term, covenant or condition of this Agreement or the application thereof to any person or circumstance shall to any extent be invalid or unenforceable, the remainder of this Agreement, or the application of such term, covenant or condition to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each term, covenant or condition of this Agreement shall be valid and enforceable to the full extent permitted by law. This Agreement shall supersede any prior agreements between company and originator.

Binding Arbitration: All disputes, claims, or controversies arising from or relating to this Agreement or the relationships which result therefrom shall be resolved by binding arbitration in Pinellas County, Florida, in accordance with the Rules of the American Arbitration Association. Any controversy or claim subject to this provision shall be decided by one arbitrator selected by the parties, and judgment on the award may be entered in any court having jurisdiction thereof. This arbitration agreement is made pursuant to a transaction involving interstate commerce and shall be governed by the Federal Arbitration Act, 9 U.S.C. §§ 1-16. THE PARTIES VOLUNTARILY AND KNOWINGLY WAIVE ANY RIGHT THEY HAVE TO A JURY TRIAL, EITHER PURSUANT TO ARBITRATION OR COURT ACTION. The parties agree and understand that the arbitrator shall have all powers provided by law and this Agreement, including authority to grant any legal and equitable remedies.

Governing Law; Jurisdiction: This Agreement shall be governed by, and construed and enforced in accordance with, applicable federal law and the laws of the State of Florida. Subject to and without waiving the arbitration clause herein, any action arising out of this Agreement or the transactions contemplated hereby may only be instituted in any state or federal court located in Pinellas County, Florida. Further, each party expressly waives any objection that such party may have to the laying of venue of any such action, and irrevocably submits to the jurisdiction of any such court and agrees to be fully bound by any final un-appealed decision of those courts.

Counterparts: This Agreement may be executed by one or more of the parties to this Agreement on any number of separate counterparts and all of said counterparts taken together shall be deemed to constitute one and the same instrument. The parties hereto acknowledge and agree that such counterparts may be executed by signatures sent by electronic transmissions.

E-Signature: It is understood and agreed that documents hereunder may be provided by the parties or may be executed by the parties electronically, in compliance with Innovative's policies and procedures relating to e-signatures, the federal Electronic Signatures in Global and National Commerce Act (E-SIGN) and, if applicable, the Uniform Electronic Transactions Act (UETA) adopted by the state in which the electronic record (i.e., the contract or other record created, generated, sent, communicated, received or stored by electronic means) relating to such document or disclosure is initiated. The loan originators signature below and/or the transmission of this agreement by the loan originator to the Company are sufficient, independently or jointly, to serve as a binding contract on all parties, without the signature of the CEO below.

IN WITNESS WHEREOF, the parties have hereunto set their hands to this Agreement the day and date first above written.

Innovative Mortgage Services, Inc.

CEO: Bryan P. Ehrlich Date

Loan Originator Signature Date

Loan Originator (Print Name) NMLS#

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Addendum "A"

ORIGINATION DISCLOSURE

In the determination of whether payments from lenders to mortgage brokers are permissible under Section 8 of RESPA, HUD identified the following services normally performed in the origination of a loan:

- (a) Taking information from the borrower and filling out the application;
- (b) Analyzing the prospective borrower's income and debt and pre-qualifying the prospective borrower to determine the maximum mortgage that the prospective borrower can afford;
- (c) Educating the prospective borrower in the home buying and financing process, advising the borrower about the different types of loan products available, and demonstrating how closing costs and monthly payments could vary under each product;
- (d) Collecting financial information (tax returns, bank statements) and other related documents that are part of the application process;
- (e) Initiating/ordering VOEs (verifications of employment) and VODs (verifications of deposit);
- (f) Initiating/ordering requests for mortgage and other loan verifications;
- (g) Initiating/ordering appraisals;
- (h) Initiating/ordering inspections or engineering reports;
- (i) Providing disclosures (truth in lending, good faith estimate, others) to the borrower;
- (j) Assisting the borrower in understanding and clearing credit problems;
- (k) Maintaining regular contact with the borrower, realtors, lender, between application and closing to apprise them of the status of the application and gather any additional information as needed;
- (l) Ordering legal documents;
- (m) Determining whether the property was located in a flood zone or ordering such service; and
- (n) Participating in the loan closing.

The Loan Originator certifies that he/she will take or assist the borrower with the application information (under item (a)); and perform at least five additional items on the list above. He/she will also present and give the borrower the opportunity to consider loan products from at least three different wholesale lenders.

Loan Originator (Signature) Date

Loan Originator (Print Name)

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