Commission Policy and Procedures

Version 1.2 — March 1, 2023

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Section 1 – Introduction

The purpose of this commission policy and procedures document is to formalize the following:

A. Adding a new employee to the commission process
B. Removing a terminated employee from the commission process
C. Commission changes
D. The calculation and communication of commissions to Payroll
E. Responsibilities and expectations of all parties regarding commissions.

A. Adding a New Employee to the Commissions Process

There are two situations where an employee can be added to the commission process; new hire and compensation changes which add a current employee to the commission process. The process differs between the two as outlined below.

New Hire

HR notifies the COMMISSIONS group on outlook when new hires are made by sending an excel spreadsheet which details all new hires. HR will save the Offer Letter which details, among other items, the commission agreement and details for the new hire in the Payroll Drive. The Controller will access the new hire Offer Letter and saves it in the Commissions Drive to allow for the Commission Group to access the documentation.

If an Offer Letter is missing, the Commission Group will make a formal request for the document. It will be the Commission Group's responsibility to ensure that commissions will be paid based on the effective date in the document.

Compensation Changes

A Personal Change Form is generated by HR when there are employee compensation changes. This document is executed by a company representative (usually the employee's manager) and the employee. This Personal Change Form must be forwarded to COMMISSIONS group on outlook or notification about where the Commission Group can obtain the document formalizing the commission plan change must be sent. It will be the Commission Group's responsibility to ensure that commissions will be paid based on the effective date in the document. Human Resources is responsible to provide the executed Personal Change Form to the Commission Group. This form should detail the commission changes for the Commission Group.

The Commission Group will maintain a comprehensive list of commissions in a spreadsheet ("Commissions Master") which will detail all commissions agreements. This document will only be updated when executed documents above are received. ***A proposed commission plan modification without the required executed Personal Change Form would not result in a commission change.*** The Commission Group is responsible to maintain the Commissions Master and ensure they have access to every Offer Letter or Personal Change Form in order to validate every entry in the Commissions Master.

B. Removing a Terminated Employee from the Commissions Process

When an employee that receives a commission is terminated, the Commissions Group needs notification. Payroll sends out a monthly Termination List which is to be sent to the Commissions Group within the first week of the month. The Commissions Group has the responsibility to calculate commissions up to the termination date and then remove the employee from the Commissions Master.

C. Updating and Changing Commissions

A commission plan may change from the initial plan in the offer letter. This would be captured by the Personal Change Form which is generated by HR for any compensation changes. The executed Personal Change Form must be forwarded to COMMISSIONS group on outlook or notification about where the Commission Group can obtain the document formalizing the commission plan change must be sent. It will be the Commission Group's responsibility to ensure that commissions will be paid based on the effective date in the document. Commission changes should always occur at the beginning of the month.

D. Calculation and Communication of Commissions to Payroll

The Commissions Group is responsible for calculating or at least validating all commissions paid at the Company. This section is divided into the calculation of commissions, commission exceptions, unfunded loans and the communications of commissions to payroll.

Calculation of Commissions

The Commissions Group utilizes the Tracker as the source to calculate Wholesale, Correspondent, Investor Loan and Consumer Direct Commissions. Commissions will be calculated based on the Tracker and the latest version of the Commission Master. The Tracker is assumed to be the correct source of information and will not be audited by the Commission Group.

Commission Exceptions

Exceptions to the commission plans will require the approval of the Chief Financial Officer, Human Resources and the employee's manager. The Commission Group's ability to accurately automate and calculate commissions can only be done when the commission plan is paid exactly as designed. Exception approval will only be granted under extreme circumstances.

Unfunded Loans

Loans that unfunded but that have commissions paid will have the subsequent months commission reduced for the overpayment from the unfunded loan.

Communications of Commissions to Payroll

The Commission Group will provide summary commission information by employee to Payroll. All detailed calculations will be kept and maintained by the Commission Group. Payroll will take the figures as calculated by the Commission Group and process them on the appropriate pay period. Any questions on the commissions themselves should be directed to the outlook group COMMISSIONS. ***The monthly target for the Commissions Group to send monthly commissions to Payroll is the 5th business day of the following month.***

E. Responsibilities and Expectations of all Parties Regarding Commissions

Responsibilities

HR – provide notice for new hires and executed Personnel Change Forms to the Commission Group. ***This information needs to be received by the first day of the following month.***

Payroll – Notifies Commission Group when employees are terminated. ***This information needs***

to be received by the first day of the following month.

Commission Group – 1) Updates the Commission Master spreadsheet for all new hires, terminations, and Personnel Change Forms, 2) Calculates commissions accurately based on the monthly tracker, lead source spreadsheet and Decipher Tracker, 3) Communicates commissions by employee to payroll and 4) Respond to any questions about a commission calculation.

Operations – Ensure the Monthly Tracker is updated and accurate and that the Commission Group has access to the file. This will provide information to allow for calculation of the commissions for Wholesale, Retail and Correspondent. ***This information needs to be received by the end of the commission month.***

Retail – The Lead Source Spreadsheet needs to be received monthly by the second day of the calendar month to allow the Commissions Group to calculated commissions based on lead source. ***This information needs to be received by the end of the commission month.***

Investor Loans Group - The Commissions Group needs a monthly report from Decipher which identifies originations by employee ("Decipher Tracker"). ***This information needs to be received by the end of the commission month.***

Summary of Information Required Monthly by Department

Each group should either send the information by the Date Needed below to the COMMISSIONS outlook group or provide another method for the Commissions Group to obtain the information. It is the responsibility of the Department below to provide the information by the Date Needed.

Department	Information Required Monthly	Date Needed	Example: Feb Commissions paid in March
HR	New Hire Notification	1st day of Next Month	March 1
HR	Personal Change Forms	1st day of Next Month	March 1
Payroll	Terminated Employee List	1st day of Next Month	March 1
Operations	Tracker - details origination information for Wholesale, Retail and Correspondent	Last day of Current Month	February 28
Investor Loan Group	Decipher Tracker - details origination information for Investor Loan Division	Last day of Current Month	February 28
Retail	Lead Source Spreadsheet - details lead source as commission percentages differ based on source	Last day of Current Month	February 28

Expectations

Employees should expect that their commissions will be paid timely, accurately and in accordance with their commission plan with no changes that have not been formally approved. Executive management should expect that commissions will be calculated efficiently and with formal approval as is needed for any form of compensation.

REVISION HISTORY

Revision Date	Details	HR/Accounting Approval
February 28, 2023	Document Creation	
March 1, 2023	Document Reformatting/Update	