



LPC - Lender Paid Compensation

SALES



Acra
LENDING
LEARNING & DEVELOPMENT

Lender Paid Compensation or Rate Buydown

What is Lender Paid Compensation or LPC?

We (the lender) are going to pay the Broker their compensation, and in return, the Borrower is going to pay us a higher rate.

Lender Paid Compensation works via a 2 to 1 spread; meaning whatever the Broker wants to charge for the LPC, we would add half of that to the rate that the borrower is paying.

If the Broker wants to charge 2.00% for LPC, then borrower would pay 1.00% added to their rate.

If the broker charges 1.00% LPC, the borrower would pay additional 0.50% on top of the rate (any 2 to 1 spread).

Maximum LPC the broker can charge is 2.5% on Owner Occupied Properties.

Maximum LPC the broker can charge is 3% on Investment Properties.

Borrower Paid Compensation (or BPC) where the borrower is paying the compensation themselves, the Broker can charge up to 3% maximum.

The rate charged to the borrower is up to the Broker to set.

According to the Broker's LPC Agreement, they can choose to go Deal by Deal or they can choose between several Flat Rate Tiers.

If they choose to go Deal by Deal, then this gives the Broker the freedom and flexibility to give the lender and borrower options for each specific deal and cater to the specific needs of that borrower.

If the Broker picks the flat rate, they can't change it unless we get a new updated LPC agreement from them.

They have to stick to what they choose until we get an updated agreement.

LPC is great for borrowers who are tight on cash but willing to pay the higher rate to get the loan done and the Brokers fees paid.

On Owner Occupied loans, we have to do one or the other, either all Borrower Paid (BPC) or all Lender Paid Compensation (LPC) -no splitting.

On Investment Loans, we can do a combination of the two (LPC and BPC).

No Borrower Paid discounts or rebates even if the borrower wanted the higher rate.

Larger Brokerage companies may want set fees on the LPC Agreement, however, the smaller ones may want to choose Loan by Loan on their agreement as they can cater the deal better to serve their borrower's needs.

LPC CHART on NON-PRIME as of 10/26/2021:

LENDER PAID COMPENSATION OR RATE BUYDOWN OPTIONS:			
Movement to:	RATE ADD	POINTS	Payable to:
Add to Rate *Not all tiers are available to every loan.	1.500%	3.000%	Lender Paid Points (LPC) to Broker or as Borrower Credit. Primary or 2nd: Max 2.5 Pts. Investor: Max 3.0 Pts & requires ≥2-Yr PPP. Must qualify as "B" Tier or higher.
	1.375%	2.750%	
	1.250%	2.500%	
	1.125%	2.250%	
	1.000%	2.000%	
	0.875%	1.750%	
	0.750%	1.500%	
	0.625%	1.250%	
	0.500%	1.000%	
	0.375%	0.750%	
	0.250%	0.500%	
	0.125%	0.250%	
PAR RATE	-	-	-
Discount to Rate *Not all tiers are available to every loan.	-0.125%	0.250%	Discount Points payable to Acra Lending. Rate Floors are by Credit Tier and Program.
	-0.250%	0.500%	
	-0.375%	0.750%	
	-0.500%	1.000%	
	-0.625%	1.250%	
	-0.750%	1.500%	
	-0.875%	1.750%	
Available in eighths to rate up or down to PAR rate.			

***Broker Origination Points and Fees are limited to the lesser of:**
(a) 3.0% of the loan amount
and
(b) the maximum allowable by Federal & State High Cost thresholds.