



Affiliation Certification Disclosure

The Qualified Mortgage (QM) regulation states that certain fees paid to a lender must be included in the QM points and fees test. Consequently, Flagstar must identify affiliated entities of lenders with whom it does business in order to ensure that Flagstar's loans do not exceed the QM points and fees test tolerance.

The definition of an affiliate is open to a great deal of interpretation. Flagstar cannot provide legal advice as to whether an entity is an affiliate of a lender. However, to help you accurately identify your affiliates, we have included information from the Truth-in-Lending Act (TILA) below.

The Truth-in-Lending Act defines "affiliate" as "any company that controls, is controlled by, or is under common control with another company, as set forth in the Bank Holding Company Act of 1956 (12 U.S.C. 1841 et seq.)"

The Bank Holding Company Act defines "control" as follows: Any company has control over a bank or over any company if:

- A. The company directly or indirectly or acting through one or more other persons owns, controls, or has power to vote 25 per centum or more of any class of voting securities of the bank or company;
 - B. The company controls in any manner the election of a majority of the directors or trustees of the bank or company;
- OR
- C. The Board determines, after notice and opportunity for hearing, that the company directly or indirectly exercises a controlling influence over the management or policies of the bank or company.

State law and court interpretations vary, but generally, if entities have 25% or more common ownership or subsidiary relationship or if one entity or person otherwise exercises a controlling influence over the management or policies of the other, the companies will be deemed to be affiliates. Courts and regulators also may infer a controlling relationship when control persons of closely held entities have a familial relationship, e.g., wife owns majority interest in a title company and husband owns a majority interest in a mortgage broker.

Caution: We have heard that some lenders may have discussed agreements related to cross-referrals of business to affiliates of other lenders in order to avoid fees paid to affiliates being counted in the QM points and fees calculation. In considering such arrangements, RESPA implications must be evaluated. Section 8 of RESPA prohibits payment or receipt of compensation in exchange for a referral of settlement service business. A court or regulator could consider the mutual referral of business to be compensation. Anyone considering a cross-referral relationship should consult mortgage regulatory counsel for compliance advice on this topic.

CERTIFICATION

In light of the guidance provided above, please identify below any affiliates of the lender that provide settlement services:

Entity Name	Service Provided	Standard Fee or Fee Range

*If no affiliates, please write N/A or none above



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The undersigned declare(s) that the statements set forth herein are true and accurate.

Executive Officer Signature: _____ Date: _____

Printed Name and Title: _____

Company Name: _____

Company NMLS Number: _____