

**\*\*\*SAMPLE POLICY & PROCEDURE\*\*\***  
**PLEASE EMAIL YOUR COPY TO: [brokerapproval@tjfinancial.com](mailto:brokerapproval@tjfinancial.com)**

**ABC Broker Company**  
**Policy and Procedure for Loan Originator Compensation & Anti-Steering**

**LOAN ORIGINATOR COMPENSATION**

Broker and loan originator compensation will be paid either entirely by the lender providing the mortgage or the consumer, but never both.

Compensation to the mortgage loan originator will be based on ONE of the following options, as negotiated between the mortgage loan originator and the mortgage broker:

- A fixed percentage of the loan amount
- A loan originator's overall funded loan volume
- A flat fee
- An hourly wage or salary to compensate for the actual number of hours worked, not tied to a specific transaction

Compensation will not be based on any of the following parameters: interest rate; APR; existence of a prepayment penalty; loan to value; borrower's credit score; the amount of fees collected; existence of mortgage insurance; loan's profitability; or loan type, such as different compensation for first mortgages, second mortgages, FHA, VA, USDA, purchase mortgage, or refinance. Compensation will never be based on loan terms or conditions, other than a fixed percentage of the loan amount.

The negotiated compensation method between mortgage broker and mortgage loan originator may be readjusted periodically, but only upon request by the loan originator. All requests must be approved by the mortgage broker but not all requests will be approved. Approval will be based on an evaluation of the loan originator's long-term performance, percentage of loans that result in closed loans, quality, and accuracy of loans. The loan originator must have enough loans to evaluate in order to readjust compensation.

**ANTI-STEERING**

Loan originators will not "steer" a borrower to a transaction based on the fact that the originator will receive greater compensation from the lender in that transaction than in other transactions offered or could have been offered to the borrower, unless the transaction is in the consumer's interest.

To satisfy the Anti-Steering Rule, for each type of transaction in which a borrower expresses an interest in, three loan options from three lenders with which we regularly do business with will be presented to the borrower. These three options will represent the loan with:

- The lowest interest rate
- The lowest dollar amount for origination/discount points or fees
- The lowest interest rate with no risky features such as prepayment penalty, interest only, negative amortization, or balloon payment within the first seven years.

**RECORD RETENTION**

The records of the company compensation policies will be reviewed quarterly and kept as part of the company's records.

The loan level compensation paid to mortgage loan originators will be retained for a minimum of two years.