

**ADDENDUM TO  
GATEWAY MORTGAGE BROKER AGREEMENT  
COMPENSATION PLAN**

This addendum to the Mortgage Broker Agreement is dated the 1<sup>st</sup> day of April, 2011 and entered into by and between GATEWAY MORTGAGE GROUP, LLC. (“GATEWAY”) and \_\_\_\_\_, Broker.

Whereas the parties have entered into a Mortgage Broker Agreement dated the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, a copy of which is attached, and,

Whereas the parties desire to supplement that agreement and to set forth the terms of the Loan Compensation Plan,

NOW THEREFORE, THE PARTIES AGREE AS FOLLOWS:

**Section 1. Compensation Plan**

As to each loan submitted by Broker, Broker shall select as an exclusive method of compensation either option A or option B as set forth below.

**A. Consumer Paid Option**

- a. Broker will negotiate compensation directly with the consumer.
- b. The consumer must pay compensation to the broker client from their own funds at closing, or from the principal proceeds of the new loan.
- c. Premium pricing may not be used to compensate the Broker.
- d. The consumer may pay third party costs and GATEWAY fees by paying cash at closing, or financing through the principal or interest rate.
- e. No other person may provide compensation to a Loan Originator, directly or indirectly, in connection with the loan transaction.
- f. Compensation to the Broker can vary from transaction to transaction.
- g. Compensation from the Broker to its loan Originators may be comprised only of salary or hourly wage.
- h. Compensation cannot exceed the lesser of 4% or state high cost limits.

**B. Creditor Paid Option**

- a. Broker shall receive \_\_\_\_\_% (1%-4.0%) of the principal amount of such mortgage loan as its sole and complete compensation.
- b. The compensation shall be consistent on all loans funded for Broker by GATEWAY, except that GATEWAY may, but is not required to, periodically revise the Broker compensation prospectively.



- c. GATEWAY will pay compensation directly to the Broker.
- d. The consumer cannot pay compensation to the Broker.
- e. The Broker cannot reduce the creditor paid compensation by offering concessions or paying for tolerance violations.
- f. The Broker will establish compensation agreements with its loan originator employees that will comply with the Federal loan originator compensation rule in §226.36(d) and (e) of Regulation Z (12 CFR Part 226).

**Section 2. Broker Warranties** of this Addendum are as follows:

**A. Loan Originator Compliance**

Broker has developed and implemented compensation plans for its loan originators which:

- a. prohibit payments to its loan originators that are based on the loan's interest rate or other loan terms or conditions,
- b. prohibit Broker or its loan originators from receiving payments directly from a consumer while also receiving compensation from the creditor or another person, and,
- c. prohibit Broker or its loan originators from "steering" a consumer to a creditor in order to increase the Broker's or loan originator's compensation.

Broker shall ensure that its policies and procedures regarding Loan Origination Compensation comply with all federal, state and regulatory requirements, including the rules set forth in the TILA, Regulation Z and the Official Staff Commentary. Broker shall provide GATEWAY a copy of such policies and procedures. Broker shall take all appropriate steps to ensure that loan originators originate loans in compliance with the statute, regulations and commentary, including training, automated systems controls and compliance testing.

Broker must provide the consumer with loan options from a significant number of the creditors with which the Broker regularly does business. For each type of transaction (i.e. fixed rate, ARM), in which the consumer expressed an interest, the loan options presented must include:

- a. The loan with the lowest interest rate
- b. The loan with the lowest total dollar amount for origination points or fees and discount points
- c. The loan with the lowest interest rate without certain features, including:
  - i. A prepayment penalty
  - ii. Interest-only payments
  - iii. Negative amortization
  - iv. Demand feature
  - v. A balloon payment in first seven years.

Loan originators must have a good faith belief that the options presented are loans for which the consumer likely qualifies. Brokers must obtain options from at least three (3) creditors. If more

than three loans are presented, Broker must highlight the loans that satisfy the options bulleted above.

### **Section 3. Indemnification**

In addition to Broker's repurchase obligations set forth in the Agreement, to the fullest extent allowed by law, Broker indemnifies and holds harmless GATEWAY, its shareholders, directors, officers, agents, employees, successors and assigns against any loss, damage, claim, expense, liability or cost (including reasonable attorney's fees) arising from any act or omission by Broker in connection with its obligations under this Addendum and any breach by Broker of its representations, warranties, covenants, and agreements contained in this Addendum.

### **Section 4. Savings Clause**

It is the intention of Broker and GATEWAY to comply with the Federal loan originator compensation regulations applicable to this Addendum contained in Regulation Z, 12 CFR §226.36, (herein "Compensation Law"); accordingly, it is agreed that notwithstanding any provision to the contrary in this Addendum or in any other document(s) executed in connection herewith, no such provision shall require or permit the payment or the receipt of loan originator compensation not permitted by the Compensation Law. If, from any circumstance whatsoever, compensation in excess of, or not permitted by, the Compensation Law is provided for, contracted for, paid or received or adjudicated to be provided for, contracted for, paid or received, then the provisions of this paragraph shall govern and control and neither party hereto nor any other party shall be obligated to pay the amount of such compensation not permitted by the Compensation Law, and the compensation payable to Broker or any other loan originator shall be reduced to the amount and sources permitted by the Compensation Law. The receiving loan originator shall refund any such impermissible compensation to the payor thereof immediately upon notification from Broker or GATEWAY, as applicable. It is further agreed that without limitation of the foregoing, all calculations of the compensation provided for, contracted for, paid or received under this Addendum shall be made in accordance with the Compensation Law, as now or hereafter construed or amended.

IN WITNESS WHEREOF, the parties have executed this Agreement on this \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

BROKER \_\_\_\_\_

Company \_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

GATEWAY \_\_\_\_\_

\_\_\_\_\_

By: \_\_\_\_\_