



## Loan Originator Compensation Agreement

This Loan Originator Compensation Agreement (hereinafter referred to as the "**Compensation Agreement**") is entered into pursuant to that Employment Agreement entered into between Senior Freedom Inc., a Texas Corporation, (hereinafter "**SFI**") and the below-signed loan originator employed by SFI (hereinafter "**Originator**") and shall supersede any Compensation Agreement previously entered into between SFI and Originator.

This Compensation Agreement shall apply to all loan applications originated by the Originator and received by SFI after the date of this Agreement with SFI, regardless of the date of the employment agreement. The Employment Agreement entered into between the Originator and SFI shall remain in full force and effect whether this agreement has been amended, modified, or superseded. To the extent that this Compensation Agreement and any prior agreements are inconsistent, the terms and conditions of this Compensation Agreement shall apply as of the date specified herein.

### Commissions

#### Open-End Mortgages

Loan Officer / Recruiting Loan Officer program: Originator shall be paid a commission equal to a percentage (the "Commission Percentage") multiplied by the Net Loan Proceeds\* earned by SFI on each closed and funded open-end loan originated by Originator (a "Funded Loan"). For example, if Originator's Commission percentage is 60%, and the Net Loan Proceeds earned from a funded loan is \$10,000, the Originator's commission would be \$6,000, less a payroll fee not to exceed the actual FICA and unemployment taxes of the commission earned by the Originator.

#### Closed-End Reverse Mortgages

Originator shall be paid a commission equal to a percentage (the "Commission Rate") multiplied by the principle amount of each closed and funded closed-end loan originated by Originator (a "Funded Loan"). For example, if the originator's Commission Rate is 500 basis points (0.500) and the principal amount of a Funded Loan is \$100,000, Originator's Commission for that Funded Closed-End Loan would be \$5,000.00 (0.500 times \$100,000).

#### Closed-End Forward Mortgages

Originator shall be paid a commission that is calculated under the same formula as with a closed-end reverse mortgage, however, the commission rate for forward mortgages will be different than for reverse mortgages.

Commissions shall be calculated and paid on a schedule to be determined and modified by SFI in its sole and absolute discretion. Currently, SFI pays commissions weekly on Friday, with receipt of a completed Loan Transaction Report and confirmation of cleared funds due by 12pm on each Thursday immediately preceding. Loan Transaction Reports or cleared funds which are received after 1pm on Thursday are processed the following week.

All rates and amounts regarding originator's compensation must be agreed upon in advance and in writing by SFI.

Originator's **Commission Percentage** on **Open-End Mortgages** shall be \_\_\_\_\_ % of Net Loan Proceeds from closed and funded loans.

Originator's **Commission Rate** on **Closed-End Reverse Mortgages** shall be \_\_\_\_\_ basis points multiplied by the principle amount of closed and funded loans.

Originator's **Commission Rate** on **Closed-End Forward Mortgages** shall be \_\_\_\_\_ basis points multiplied by the principle amount of closed and funded loans.

\*Net Loan Proceeds: The Net Loan Proceeds is equal to the total amount of proceeds received by SFI, less loan transaction fee, loan processing, credit report fee, flood certification fee, and any marketing or lead expenses chosen by the Originator to be withheld from proceeds. Should there be any other fees associated with the loan, they shall be deducted as well.

Changes to Commission rates: Commission rate basis points may be changed no more frequently than 30 days and shall apply to all loan applications taken after the date of the change. Loans must be compensated at the commission rate that was in effect at the time the loan application was taken.

### **Recruiting and Management Overrides**

Recruiting and management overrides are only available to Originators on Open-End Mortgages according to Federal compensation guidelines. Originator shall be paid an override equal to a percentage (the "Override Percentage") multiplied by the Net Loan Proceeds earned by SFI on each closed and funded open-end loan originated by a loan officer recruited or managed by the originator (a "Funded Loan"). For example, if Originator's recruiting override percentage is 10%, and the net proceeds earned from a funded loan is \$10,000, the Originator's recruiting override would be \$1,000, less a payroll fee not to exceed actual FICA and unemployment taxes of the override amount earned by the Originator.

Managers shall be paid management overrides on open end mortgages equal to a percentage (the "management override percentage") multiplied by the commission paid to a Loan Officer managed by the manager. For example, if the management override percentage is 10%, and the commission earned by one of his loan Officers from a funded loan is \$6,000, the management override would be \$600, less a payroll fee not to exceed actual FICA and unemployment taxes of the override earned by the Manager.

Recruiting and Management overrides are determined for each Loan officer recruited or managed by the Originator/Manager and are entered on an Commission split agreement that is created for each recruited or managed loan Officer. Executed Commission split agreements become a part of this and any subsequent Compensation agreement executed by the Originator.

### **General Provisions**

Commissions and / or overrides are **not earned** unless and until a closed loan is funded and SFI has received the proceeds of that closed loan, and any **lender designated compensation recapture period has expired**, as such, SFI advances Commissions or necessary expenses to the Originator. Originator shall repay to SFI, on demand, all advanced Commissions that do not become earned or have become subject to recapture by a lender, or any advanced expenses that have not been reconciled. Commissions are paid based on the assumption that there will be no required "Repurchase" or "Recapture of Broker compensation" due to loan fraud or a substantial loan repayment by a borrower within a period designated by the funding lender following closing and funding of a loan. Should SFI be required to repurchase or pay any broker compensation adjustment to a lender on any of the Originator's loans, the Originator shall repay to SFI, on demand, that portion of any repurchase or any adjustment that they would be liable for based on the portion of the loan proceeds they received. Any repayment owed by the Originator under this provision are due and payable when demanded whether the originator is

still employed or not. Originator hereby promises to repay any advanced commission amounts that should become due hereunder whether still employed by SFI or not, and Originator further agrees that any and all advances of commission by SFI constitute a loan that is due and payable on demand in the event of a lender recapture or repurchase of broker compensation on an Originator's loan. Such repayment may be deducted from future commissions at SFI's discretion if the originator is employed at the time of the recapture.

Compliance Required: In order to process and complete any payroll and subsequent compensation, Loan Originators must be in compliance on ALL of their originated loans with respect to the following:

1. All requirements of the Texas Department of Savings and Mortgage Lending (TDSML)
2. All reporting and quality control requirements of SFI
3. All federal compliance requirements
4. All licensing requirements of NMLS and TDSML

Loans that have been originated, are processed or in processing, in underwriting or underwritten, have been adversed, or in closing or closed, and/or funded shall be deemed to be "In Compliance" so long as the required documentation and loan reporting information for each loan has been submitted for the following stages when required:

1. Origination: for the loan database required by TDSML and For the Quarterly mortgage Call report; borrower name, contact number, application date, Lender, disposition, occupancy, initial loan amount, closed date, closed loan amt, adverse date, adverse amount, estimated value, appraised vale. At a minimum, a copy of the executed loan application and originally delivered GFE must be sent to SFI within 24 hours of loan originator receiving a signed application.
2. Processing: At a minimum, a complete loan file in it's current state must be provided on demand by SFI for audit purposes to be in compliance (state requirement).
3. Underwriting: complete loan file, in it's current state, must be available and provided on demand by SFI for audit purposes to be in compliance (state requirement).
4. Adversed Loans: Loans that have been withdrawn, denied, cancelled, or otherwise adversed must have a completed Credit denial or a copy of the denial sent to the borrower by the sponsoring lender in the loan file.
5. Closed/funded: the complete loan file, including closing docs must be transmitted to SFI within 48 hours of closing and funding, or prior to completion of any payroll, whichever occurs first.

In summary, to be in compliance with the State of Texas, a mortgage company must be able to produce a complete loan database and complete to-date loan files upon demand by TDSML. In order for a loan originator to be paid, they must be in compliance as well.

The terms and conditions of this Compensation Addendum, and the commission rates and / or percentage, may be modified at any time by SFI in its sole discretion. All modifications must be in writing. Originator hereby agrees to any modifications to compensation made by SFI at any time subsequent to this agreement. Originator is an at-will, outside, statutory employee. Employment may be terminated at any time with or without cause by SFI.

Changes to Compensation dictated by changes to federal compensation guidelines. The compensation agreement as written conforms to current compensation guidelines. If there are future changes to the federal compensation guidelines that make portions of this agreement null, then the other portions shall remain in full force and effect, and those portions affected by any changes to federal guidelines shall be automatically modified to conform and originator shall be notified of those changes on any affected loans. A new compensation agreement shall be created that conforms to federal guidelines and shall supersede this agreement.

**Acknowledgment of Compensation Policy and Procedures**

Originator acknowledges that he/she has read and understands the "**Compensation Policy for Loan Originators**" contained herein, and agrees to be bound by the terms and conditions hereof, including any and all revisions, modifications, additions or amendments hereto.

Agreed to this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_.

\_\_\_\_\_  
Originator signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
(Originator name **exactly as in NMLS**)

\_\_\_\_\_  
NMLS number

**Senior Freedom Inc.**

By:\_\_\_\_\_  
Manager or officer signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
(name)