

# LENDERS UPDATE™

## ALT & ASSOCIATES NEWSLETTER

A COMPLIMENTARY SERVICE TO THE MORTGAGE LENDING INDUSTRY

Main Office:  
2102 BUSINESS CENTER DRIVE  
SUITE 130  
IRVINE, CA 92612  
[David.j.alt@altandassociates.com](mailto:David.j.alt@altandassociates.com)  
[www.altandassociates.com](http://www.altandassociates.com)

**DAVID JEROME ALT**  
*Attorney at Law*

**April 30, 2014**

## **LOAN ORIGINATOR COMPENSATION** **FAQ 3**

This is our third question and answer in our FAQs series regarding the new Loan Originator Compensation Rule.

### **TODAY'S QUESTION**

Does the new Loan Originator Compensation Rule change the compensation rules for brokers?

### **ANSWER**

As we know, if a broker receives compensation from the consumer it can't receive compensation from any other source, and no person can knowingly pay a broker, if he/she knows that compensation is being received from the borrower or another third-party source.

However, there are now changes to the Rule, two of which are of most significance:

- Prior to the new Rule, a broker, known under the Rule as a “Loan Originator Organization”, could not compensate its employee in a “consumer paid” transaction directly from the transaction. The employee had to be satisfied with wages or salary. The rule is now changed and the broker-employee may be compensated from the transaction in the same way that an employee of a creditor may be compensated.
- Prior to the new rule, in a “consumer paid” transaction to a broker, the amount or terms of the payment made by the consumer to the broker was not covered by the Rule. In other words, the amount paid by the consumer to the broker, could change with the terms of the loan. Under the new Rule these payments are now subject to the Loan Originator Compensation Rule just as payments made by a creditor to its loan originator-employees are. The broker compensation paid by the consumer may not vary based on the terms of the loan.

The Lenders Update is published via e-mail as a complimentary service to our friends and clients in the financial industry throughout California and the United States.

Only those persons who have personally requested this newsletter are on our distribution list.

SHOULD YOU NOT WISH TO CONTINUE TO RECEIVE THIS SERVICE,  
PLEASE JUST SEND US AN EMAIL TO “OP-OUT” AT:

[special@altandassociates.com](mailto:special@altandassociates.com)

ALSO, SHOULD YOU HAVE COLLEAGUES WHO WISH TO BE ADDED TO THIS  
COMPLIMENTARY SERVICE, PLEASE HAVE THEM E-MAIL US AT:

[special@altandassociates.com](mailto:special@altandassociates.com)

ALT & ASSOCIATES provides regulatory, compliance, operational advice and transactional assistance, as well as litigation representation, to the financial services industry. Over the past three decades, members of the firm have represented Institutional Lenders and Mortgage Bankers and Brokers in all aspects of their operations.

If you have any questions please contact:

David J. Alt, Esq.

[David.j.alt@altandassociates.com](mailto:David.j.alt@altandassociates.com)

You may view previous issues on our website at:

[www.altandassociates.com](http://www.altandassociates.com)

*Who's Who in American Law*

*Martindale Hubble Pre-Eminent Attorney*