



PBM Total Lender-Paid Compensation Plan Addendum

Broker: _____

Broker #: _____

This PBM Total Lender-Paid Compensation Plan Addendum is entered into this _____ day of _____, 20__ by and between Provident Bank Mortgage, a division of Provident Savings Bank, FSB ("Bank") and _____ (Broker), doing business as _____

The PBM Total Lender-Paid Compensation Plan, hereinafter referred to as *PBM Total Plan*, is a computation of a fixed percentage of the loan amount and a set flat fee amount, as designated by the Broker in the charts below. The Broker may elect to restrict the amount of compensation paid by designating a maximum compensation dollar amount.

This Addendum amends and supplements any and all previous or existing Wholesale Broker Agreements between Bank and Broker, each as defined below.

RECITALS

- I. The Federal Reserve Board issued a final rule on August 16, 2010 amending Regulation Z implementing the Truth-In-Lending Act to prohibit certain loan originator compensation practices. The rule affects all loan submissions received by the Bank on, or after April 1, 2011 by placing a prohibition, among other things, on a loan originator from receiving compensation from both the consumer and any other person (including the lender) on any given transaction. Under the rule "loan originator" includes mortgage brokers.
- II. The rule prohibits a loan originator from receiving compensation based on the interest rate, or other prohibited terms and conditions.
- III. In compliance with the final rule, loan originator compensation will be paid from one of two distinct sources: Borrower-Paid Compensation or Lender-Paid Compensation.
- IV. The Broker and Bank wish to formalize the PBM Total Plan designation for all lender paid loan compensated transactions closed under the Wholesale Broker Agreement.

AGREEMENT

Therefore, in consideration of Broker's submitting and Bank's consideration of residential loan applications under the PBM Total Plan on and after **June 1, 2011**, the Broker and Bank agree as follows.

1. PBM Total Plan Designation: The Broker designation is indicated and validated in the charts below.
 - a. PBM Total Plan is pre-determined and based on a fixed percentage of the loan amount and a set flat fee amount as selected by the broker. The Broker may elect to restrict the amount of compensation by designating a maximum compensation dollar amount.
 - b. PBM Total Plan designation will be consistent for all PBM Lender-Paid transactions regardless of product, purpose of loan, or loan terms.
 - c. PBM Broker policy places a limitation on Borrower-Paid Compensation dollar amount or percentage paid to the broker owner to be no more than the Broker's designation under the Lender-Paid Compensation plan.
 - d. PBM Total Plan is an all-inclusive origination fee. The compensation plan is designed to include your loan officer compensation needs, operating costs and profit margin.
 - e. Compensation payments will be based on the PBM Total Plan agreement in effect at the time of the loan submission.
 - f. If the Broker owns two subsidiary mortgage brokerages, the affiliates must be viewed as one. Both Broker Companies must receive the same PBM Total Plan.
 - g. Brokers are not permitted to credit any portion of the PBM Total Plan compensation to the borrower.
 - h. Compensation is paid to the Broker Owner.

- i. Broker Owners must ensure all compensation paid to their loan officers is compliant with all regulatory restrictions. Payments can not vary based on prohibited loan terms and conditions or a proxy for those loan terms and conditions.
- j. Brokers will retain all documentation evidencing compliance to Regulation Z originator compensation and anti-steering rules for at least two years.

LENDER-PAID COMPENSATION PERCENTAGE – BROKER DESIGNATION

Designation	PBM – Lender Paid Compensation Percentage	Broker Initial/Signature
	Plan 1.00% - Compensation Percentage	
	Plan 1.25% - Compensation Percentage	
	Plan 1.50% - Compensation Percentage	
	Plan 1.75% - Compensation Percentage	
	Plan 2.00% - Compensation Percentage	
	Plan 2.25% - Compensation Percentage	
	Plan 2.50% - Compensation Percentage	
	Plan 2.750% - Compensation Percentage	

FLAT-FEE ADDITION – BROKER DESIGNATION

Flat fee (Not available for 2.750% comp plans).

Designation	PBM – Flat-Fee ADD to Comp Plan	Broker Initial/Signature
	NONE	
	\$350.00	
	\$450.00	
	\$550.00	
	\$650.00	

With a maximum compensation of \$ _____ increments of \$250.00
(leave blank if maximum is not applicable)

2. Effective Dates: The PBM Total Plan designation above will remain in effect on incoming loan submissions until a new plan designation is made by the broker and accepted by the lender subject to the available change date parameters listed in item 3 below. Unless Bank receives a replacement PBM Total Plan addendum with new compensation designations within the available changes date parameters, the PBM Total Plan designation will automatically renew for the next quarterly period.
3. Available Change Dates: Brokers may select compensation designations from plan options offered by the Bank. Compensation payment computations can not vary while the PBM Total Plan is in effect. Bank will allow monthly changes during initial quarterly period, April 1, 2011 to June 30, 2011 as addressed in item (a) below. After the completion of the initial implementation period, PBM Total Plan may only change on a quarterly basis subject to the parameters as indicated in item (b) below:
 - a. Initial Quarterly Period: During the initial implementation period, Broker will have the option to change their plan designation on a monthly basis. Notice of the Broker’s election of a new PBM Total Plan must be received by the Bank no later than five business days prior to the beginning of the month.
 - b. Subsequent Quarterly Periods: After the completion of the initial quarterly period, at the broker’s discretion, the PBM Total Plan may change on a quarterly basis. Notice of the Broker’s election of a new or initial PBM Total Plan must be received by the Bank no later than five business days prior to the beginning of a new quarter.

After an initial Lender-Paid Compensation Addendum is executed, changes to the compensation percentage, flat-fee addition and maximum compensation amount can be made by using a change request. Compensation Addendums and subsequent change requests must be executed by the Broker of Record. An authorized principal party can substituted for companies that are not licensed through the Department of Real Estate. .

4. No Compensation Percentage Designation: If the Broker fails to select a compensation percentage and there is no PBM Total Plan in effect, the Lender-Paid compensation selection will default to the 1.50% compensation percentage plan with zero (\$0) flat fee addition for all transactions received during that period.

5. Pre-Submission Locks (To Be Delivered – TBD Locks): From time to time the Bank may allow a broker to lock the interest rate for a loan application prior to delivery of the file from the Broker to the Bank. Lender-Paid Compensation will be paid based on the PBM Total Plan in effect at the time of file delivery, subject to Loan Estimate disclosure accuracy requirements.
6. Change or Discontinuance of Compensation Options: Bank reserves the right to modify or discontinue a compensation plan, flat fee or maximum dollar amount options at anytime prior to the beginning of the next quarter.
7. RESPA / Good Faith Estimate (GFE) – Origination Charges Block 1: Broker shall list in GFE block 1 the full and accurate amount of their total loan origination fee, in accordance with the PBM Total Plan in effect at the time of the loan submission and the Bank's lender fees. The lender may, at its option reject the loan submission if the amount in the GFE-Block 1 has been inaccurately disclosed.
8. Retention: Broker hereby certifies that records evidencing Broker's compliance for each individual transaction with the Regulation Z originator compensation and anti-steering rules in compliance with 12 C.F.R. 1026.25(a) will be retained for at least two years. Records evidencing Broker's compliance to Regulation Z originator compensation and anti-steering rules, including but not limited to originator compensation plans, lender rate sheets and borrower loan option disclosures will be provided to Provident Bank Mortgage within ten (10) business days of request.
9. No Loan Commitment: Nothing in this Addendum shall be construed as requiring Lender to accept any Application or approve to fund any loan whatsoever.
10. Existing Agreement Remains in Force. Except as modified by this Addendum the Existing Agreement and corresponding attachments shall remain in full force and effect.

Agreed:

LENDER:
Provident Bank Mortgage

BROKER:

By: _____

By: _____

Its: _____

Its: _____

Date: _____, 20____

Date: _____, 20____