TIB-The Independent BankersBank

www.mybankersbank.com

Loan Originator Compensation and Anti-Steering Announcement

The Federal Reserve Board has issued a Final Rule under Regulation Z of the Truth in Lending Act governing compensation paid to loan originators, which includes mortgage brokers, mortgage brokerage companies, and loan officers. The Final Rule applies to closed-end transactions secured by a dwelling where the creditor (bank) receives a loan application **on or after April 1, 2011**.

In general, the Final Rule is broken down in three parts.

- Lender paid compensation
- Consumer paid compensation
- Anti-Steering/"Safe Harbor"

All approved Correspondent Banks where the loans are approved and closed in your bank's name, will be responsible for providing TIB a copy of their bank's Loan Originator Compensation and Anti-Steering Policy along with completing and signing TIB's Attestation and Certification Form (see attached) prior to delivering loan applications received on or after April 1, 2011.

All approved FHA Fulfillment loans that are approved and closed in TIB-The Independent BankersBank name will be required to lock under TIB's Lender Paid Compensation option. Consumer paid option is not currently available.

- Compensation is based on a set percentage of the loan amount
- Borrower can pay discount points to reduce the interest rate.
- The borrower may pay bona fide third party costs and TIB fees by paying cash at closing, or by financing them through the loan principal or interest rate.
- The borrower cannot pay any compensation to the originating bank or any loan originator.
- The originating bank/loan originator cannot reduce the lender paid compensation amount by offering concessions or paying for tolerance violations.

- The originating bank must provide a copy of their bank's Loan Originator Compensation Policy to TIB along with completing and signing TIB's Attestation and Certification Form.

Anti-Steering/Safe Harbor:

- Prohibits loan originators from "steering" borrowers to a lender or product to receive greater compensation, **unless loan is in borrower's interest.**
- Satisfaction of Anti-Steering requirement can be accomplished by documenting proof that the transaction is in the best interest of the borrower (consumer). For example on a refinance documenting the current terms of the loan versus the terms of the refinance (lower rate, term, payment, etc.).
- Safe Harbor option would require the originating bank to provide the borrower with a significant number of options of creditors with which the loan originator regularly does business.

For questions regarding this requirement or any other regulatory issue, please contact Debra Crawford at 972-650-7045 or email dcrawford@mybankersbank.com.

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Compliance Attestation and Certification

In compliance with the loan originator compensation rules under the federal Truth in Lending Act, including implementing Regulation Z and the Official Staff Commentary, **(Bank's Name)** ("seller") attests, on behalf of itself, that for loans which will be delivered to TIB for purchase: (1) Neither seller nor any other party has paid compensation to any loan originator in an amount that is based on a term or condition of the loan, and (2) no consumer has been steered to a product or program on the basis of increased loan compensation for any loan originator.

Seller affirms that all information submitted in the seller's Loan Originator Compensation Policy which seller submitted are true and correct, and that TIB is entitled to rely. Seller authorizes TIB, at its discretion, to verify the information in the policy with any other sources, and Seller waives any cause of action or claim Seller may have against such sources with respect to any information they may provide.

Bank (seller): _____

By: _____
(Authorized Officer Signature)

Print Name: _____

Title: _____ Date:_____

NMLS Loan Origination Bank ID: _____

Note: Authorized Officer must be on file with TIB as an Authorized Signer for your bank.

Reminder: When e-mailing this signed copy to TIB, please also attach a copy of your bank's loan originator compensation policies and procedures.